安寧控股有限公司

ENM Holdings Limited

Stock Code : 00128

2023 ANNUAL REPORT

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CONTENTS

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements of ENM Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and securities trading. The principal activities of the subsidiaries comprise of the retail of fashion wear and accessories, resort and recreational club operations, investment holding and securities trading.

BUSINESS REVIEW

The "Chief Executive Officer's Statement" on pages 8 to 28 provides a fair review of the Group's operations, analysis using financial key performance indicators, indication of likely future development of the Group's business, description of the principal risks and uncertainties facing the Group, particulars of important events that have occurred after the year ended 31 December 2023 as well as a report on the Group's compliance with the relevant laws and regulations that have a significant impact on the Group. Discussions on the Group's environmental policies and performance, the account of the Group's key relationships with its employees, customers and suppliers and community investment are contained in the "Corporate Social Responsibility Report" on pages 56 to 76. The above discussions form part of this Report of the Directors.

RESULTS AND DIVIDENDS

The result of the Group for the year ended 31 December 2023 is set out in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Profit or Loss and Other Comprehensive Income on pages 83 and 84.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2023.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements is set out on page 155.

This summary does not form part of the audited consolidated financial statements.

INVESTMENT PROPERTIES

Particulars of the investment properties of the Group are set out on page 154.

SHARE CAPITAL

There were no movements in the Company's issued share capital during the year.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year or subsisted at the end of the year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2023.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company had no reserves available for distribution to shareholders of the Company.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$6,230.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers accounted for less than 5% of the Group's total revenue for the year. The five largest suppliers and the largest supplier accounted for approximately 58% and 24% of the Group's total purchases for the year, respectively.

None of the Directors of the Company, their close associates or any shareholders (which to the best knowledge of the Directors, own more than 5% of the Company's issued shares) has any beneficial interest in the Group's five largest suppliers.

Due to the business nature, this is not applicable to the investment segment.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

EXECUTIVE DIRECTOR

Mrs. Penny Soh Peng CROSBIE-WALSH (Chief Executive Officer)

NON-EXECUTIVE DIRECTORS

Mr. Hung Han WONG (Non-executive Chairman)

Mr. David Charles PARKER (resigned on 18 December 2023)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kin Wing CHEUNG

Ms. Imma Kit Sum LING (appointed on 19 January 2024)

Mr. Hin Fun Anthony TSANG (appointed on 19 January 2024)

Mr. Kiu Sang Baldwin LEE (resigned on 2 January 2024)

Mr. Ted Tak Tai LEE (resigned on 8 December 2023)

Ms. Sarah Young O'DONNELL (resigned on 31 December 2023)

In accordance with Article 94 of the Company's Articles of Association, a Director appointed by the Board of Directors (the "Board") either to fill a casual vacancy or as an addition to the Board, shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

In accordance with Article 103 of the Company's Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, or such higher number of Directors to be determined by the Board, shall retire from office by rotation but shall be eligible for re-election, provided that every Director shall be subject to retirement at least once every three years. The Directors (including those appointed for a special term) to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

Particulars of Directors seeking re-election at the forthcoming annual general meeting are set out in the related notice to shareholders.

DIRECTORS OF SUBSIDIARIES

The list of persons who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is kept at the registered office of the Company and available for inspection by the shareholders of the Company during office hours.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses and liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against Directors of the Group.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 29 to 33.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company that is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS

As at 31 December 2023, none of the Directors and the Chief Executive Officer of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Neither the Company nor any of its specified undertakings was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the year or at the end of the year. None of the Directors or their respective spouses or minor children, had been granted any rights to subscribe for the securities of the Company or had exercised any such right during the year.

MANAGEMENT CONTRACTS

Save for employment contracts, no other contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted at any time during the year.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2023, persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name	Capacity	Number of shares held		Percentage of the Company's issued shares
Diamond Leaf Limited	Beneficial owner	162,216,503		9.83%
Solution Bridge Limited	Beneficial owner	408,757,642		24.76%
Parasia Limited	Interest of controlled corporations	570,974,145	Note (i)	34.59%
Chinachem Group Holdings Limited (Formerly Chime Corporation Limited)	Interest of controlled corporations	570,974,145	Note (ii)	34.59%
Mr. JONG, Yat Kit	Trustee	730,974,145	Notes (iii) & (iv)	44.28%
Mr. WONG, Tak Wai	Trustee	730,974,145	Notes (iii) & (iv)	44.28%
Ms. KUNG, Nina (deceased)	Interest of controlled corporations	570,974,145	Note (v)	34.59%

Notes:

(i) Parasia Limited controlled Diamond Leaf Limited and Solution Bridge Limited and was therefore deemed to be interested in the shares held by such companies.

(ii) Chinachem Group Holdings Limited controlled Parasia Limited and was therefore deemed to be interested in the shares in which such company was deemed to be interested.

(iii) Chinachem Group Holdings Limited was a controlled corporation of Mr. JONG, Yat Kit and Mr. WONG, Tak Wai, as joint and several administrators of the estate of Kung, Nina also known as Nina Kung and Nina T H Wang, and of the estate of Wang Teh Huei alias Teh Huei Wang. Thus, each of Mr. JONG, Yat Kit and Mr. WONG, Tak Wai was deemed to be interested in the shares in which Chinachem Group Holdings Limited was deemed to be interested.

(iv) Each of Mr. JONG, Yat Kit and Mr. WONG, Tak Wai was a trustee of the estate of Kung, Nina also known as Nina Kung and Nina T H Wang, and of the estate of Wang Teh Huei alias Teh Huei Wang.

(v) The interests disclosed under Ms. KUNG, Nina (deceased) represent her deemed interests in the shares of the Company by virtue of her interests in Diamond Leaf Limited and Solution Bridge Limited (as per the late Ms. KUNG, Nina's last disclosure of interests notice dated 4 April 2006).

Save as disclosed above, the Company has not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company as at 31 December 2023 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year ended 31 December 2023, the Group did not have any connected transactions which were subject to the reporting requirements under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company confirms that it has complied with the disclosure requirements, where appropriate, in accordance with Chapter 14A of the Listing Rules.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There were no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year nor were there any other contracts of significance in relation to the Group's business between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries, subsisted at the end of the year or at any time during the year.

CORPORATE GOVERNANCE

The Company's Corporate Governance Report is set out on pages 34 to 55.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company maintained the prescribed public float under the Listing Rules.

AUDITOR

RSM Hong Kong, which will retire and, being eligible, offers itself for re-appointment at the forthcoming annual general meeting. A motion for the re-appointment of RSM Hong Kong will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Hung Han WONG
Non-executive Director and Non-executive Chairman

Hong Kong, 26 March 2024

CHIEF EXECUTIVE OFFICER'S STATEMENT

OVERVIEW

In 2023, the Group's total revenue grew by 28% to achieve HK$120,836,000 (2022: HK$94,387,000). The loss from operations of the Group for the year ended 31 December 2023 was HK$18,561,000, as compared to HK$149,800,000 in 2022, representing an 88% reduction in losses. The net loss (excluding one-time item[(1)]) before tax of the Group for the year ended 31 December 2023 was HK$13,295,000, a reduction of 91%, as compared to a loss of HK$151,152,000 in 2022.

The uplift in revenue for the Group was achieved through improvement in the trading environment during 2023. With the ending of COVID-19 anti-pandemic measures in Hong Kong from early 2023 and the reopening of the border fully to incoming travelers, the retail of fashion wear and accessories business benefitted from the return of tourist and Mainland China cross border shoppers, and also local customers' gradual reversion to their pre-pandemic shopping habits. The resort and recreational operation segment was also able to capitalise on the resumption of weddings and group gatherings, with the ending of social distancing requirement, to achieve better revenue than 2022. However, the momentum of this post COVID-19 recovery did not continue throughout 2023, inbound tourist numbers fell short of market expectation while more locals were travelling out of Hong Kong. Hence consumption and patronage in our retail stores and club operation respectively remained weak in 2023.

The operating result of the Group was enhanced by the positive contribution from the investment segment on the back of the global investment market recovery in 2023. The Company continued to take a cautious approach and diversified investment strategy, which helped to deliver a good investment return that was overall comparable to the benchmarks. All business segments exercised conscious cost management throughout 2023 and notwithstanding the additional "one-off" expenditures of professional fees and costs incurred for the privatization offer, the Group was able to deliver a significant reduction in operating loss compared to 2022.

The Hilltop Road land exchange application through the Lands Department that commenced at the end of 2021 continued to progress slower than anticipated, in common with other similar applications, whereby the rate of progress was exacerbated by the emergence of problems encountered by relevant government departments, which had to be consulted on the application, from COVID-19 restrictions and ongoing bouts of COVID-19 illness amongst their staff members in 2022. Nevertheless, given the rezoning application had been approved in 2021, the Company is confident to ultimately complete the land exchange application. Based on the current stage of the land exchange application process and the advice of the Company's land consultant, the Company anticipates that a formal basic terms of offer (that would include the amount of land premium payable) may be issued in the second half of 2026.

As the Company believes that the land exchange application is making progress and, taking into consideration that the operating environment for the club will remain challenging and therefore the club operation will continue to be loss making, the Board of Directors has resolved to cease the resort and recreational club business from 16 June 2024. The closure of the Club's operation is expected to generate improvement to the Company's operating result in 2024 and beyond. The Club's membership team will be communicating details of the Club's operation up to 15 June 2024 to members and will also be available on hand to answer any queries. The Company thanks all valuable Club members' support of Hill Top Country Club over the years.

FINANCIAL REVIEW

	2023 HK$'000	2022 HK$'000	Change +/(-)
Revenue	**120,836**	94,387	28%
Retail of fashion wear and accessories	**86,867**	71,304	22%
Resort and recreational club operation	**12,805**	8,176	57%
Dividend income	**14,466**	11,942	21%
Interest income	**6,698**	2,965	126%
Loss from operations	**(18,561)**	(149,800)	88%
Fair value gains on investment properties, net	**300**	—	NA
Finance costs	**(1,123)**	(1,352)	17%
Loss for the year	**(19,384)**	(151,152)	87%
Exclude: One-time item(1)	**6,089**	—	NA
Loss for the year (excluding one-time item(1))	**(13,295)**	(151,152)	91%
Loss attributable to shareholders	**(19,747)**	(150,663)	87%
Loss per share	**HK (1.20) cents**	HK (9.13) cents	87%

(1) Loss for the year ended 31 December 2023 exclude one-time expense of HK$6,089,000 in relation to the professional fees incurred for the privatization offer/proposal received from Solution Bridge Limited.

The loss from operations for the year ended 31 December 2023 of HK$18,561,000 (2022: HK$149,800,000) attributable to the Group's reportable segments was:

	2023 HK$'000	2022 HK$'000	Change +/(-)
Retail of fashion wear and accessories	**(10,310)**	(18,229)	43%
Resort and recreational club operations	**(11,373)**	(11,446)	1%
Investments	**10,027**	(114,952)	109%
Unallocated corporate income/expenses, net	**(6,905)**	(5,173)	(33%)
Loss from operations	**(18,561)**	(149,800)	88%

The Group's fashion retail business, SWANK reported an increase in revenue and gross profit of HK$15,563,000 or 22% and HK$5,384,000 or 17% respectively as compared to 2022 despite a challenging trading environment whereby tourist numbers were still significantly below pre-pandemic level, and they were also changing their consumption habits away from shopping towards food and beverage or visiting special tourist spots. At the same time, as many of SWANK's local customers are frequent travellers, they were able to make more purchases out of Hong Kong compared to last year. Hence to boost sales, the business had to offer more attractive discounts, increase advertising and publicity in order to be able to uplift revenue. This had successfully resulted in an increase in gross profit of HK$5,384,000 amid a lower gross margin. The total sales revenue of SWANK's retail stores and outlet was 32% higher than that in 2022, notwithstanding that the total selling footage in the second half of 2023 was reduced by approximately 1,200 square feet or 10%, as a result of the unexpected closure of the Paule Ka store in July 2023, as the lease of the store was not renewed by the landlord due to refurbishment plans for its retail footage. On the other hand, the online shopping trend was gradually slowing down hence SWANK's online sales revenue also suffered a significant reduction of 21% in 2023, as compared to 2022. With a reduced number of retail stores, the stock provision for inventory as at the end of 2023 had to be increased and therefore, gross profit margin dropped slightly by about 2%, as compared to 2022. However, with a tight control on expenditure, SWANK was able to deliver a significant reduction of 43% in operating loss from HK$18,229,000 for the year ended 2022 to HK$10,310,000 for the year ended 2023.

The revenue of Hill Top, the Group's resort and recreational club operation, also reported an increase of 57% to the amount of HK$12,805,000 and is mainly contributed by an increase in restaurant dinning patronage, wedding banquets and event functions, after all anti-pandemic social distancing measures were removed in early 2023. However, the operating costs for 2023 as compared to 2022 were higher, primarily attributable to a tight labour market for food and beverage staff, pushing up staffing costs, plus the absence of Employment Support Scheme ("ESS") wage subsidies from the Hong Kong Government's anti-epidemic fund (2022: HK$1,084,000). Hence, despite a concerted effort to control costs, the operating loss for the year ended 31 December 2023 of HK$11,373,000 was at par with last year's amount of HK$11,446,000.

The Group's overall gross profit margin sustained at 56.9% for the year ended 31 December 2023 (2022: 56.4%). Dividend and interest income from our investment segment increased by HK$6,257,000 (at a theoretical gross profit margin of 100%), while Hill Top's gross profit margin improved slightly by about 3%, through increase in higher margin wedding banquets and SWANK's gross profit margin was slightly lower by about 2%, due to higher stock provision to account for reduced number of retail stores. The Group's other income and expenditure for the year ended 31 December 2023 included:

- Other income of HK$1,419,000, which was HK$2,949,000 or 68% lower compared to HK$4,368,000 in 2022, mainly comprising:
  - rental income of HK$984,000 (2022: HK$982,000) from the Group's investment property situated in Hong Kong; and
  - ESS wage subsidies of HK$Nil (2022: HK$2,900,000) received from the Hong Kong Government.
- Selling and distribution expenses of HK$31,991,000, being a 7% decrease compared to HK$34,569,000 for 2022, mainly attributable to:
  - decrease in occupancy costs from the closure of SWANK's Harbour City retail store in July 2022 and Chater House retail store in July 2023. These cost savings were partly offset by the increase in occupancy costs of Elements and Central Building retail stores, mainly attributable to higher variable rental payable with higher sales revenue; and
  - reduction in online sales commission as a result of a decrease in SWANK's internet sales for the year under review.

- ➢ Administrative expenses increased by 6% to HK$68,004,000 (2022: HK$64,058,000), primarily attributable to:
  - the legal and professional fees incurred in 2023 in relation to a proposal received for the privatization of the Company by way of a scheme of arrangement under Section 673 of the Companies Ordinance; and
  - increase in casual labour costs and electricity expenses at Hill Top, from the increase in patronage of its facilities and services in the year under review.
- ➢ Depreciation for property, plant and equipment, impairment loss and amortisation expenses of HK$1,125,000. being 31% reduction from HK$1,637,000 in 2022, mainly attributable to having fully depreciated and impaired the cost of leasehold improvement and furniture and fixtures of SWANK's retail stores in December 2022.
- ➢ "Other operating gains/(losses), net" mainly comprised net realised and unrealised fair value gains of HK$11,507,000 (2022: net realised and unrealised fair value losses of HK$105,457,000) from investment in financial instruments (before interest and dividend income which are included in "Revenue") and exchange gains, net amount of HK$300,000 (2022: exchange losses, net amount of HK$1,513,000).

In accordance with the Hong Kong Financial Reporting Standards ("HKFRS"), and with the advice from an independent and reputable valuer, the Group has valued the club property based on its highest and best use by comparing the value based on its current use as a recreational club and the value based on obtaining the approval to rezone the property for residential development, after factoring in the uncertainty and timing of the remaining steps required to carry out the redevelopment. This approach was first adopted for the year ended 31 December 2020. As at 31 December 2023, the fair value of the club property was HK$370,000,000 (31 December 2022: HK$425,000,000). The decrease in revalued amount of HK$55,000,000 was recognised as other comprehensive loss for the year ended 31 December 2023 and accumulated in the property revaluation reserve which had no impact on the Group's consolidated statement of profit or loss for the year.

For the year ended 31 December 2023, the Group's finance cost included interest on bank loans of HK$342,000 (2022: HK$188,000) and interest expenses on lease liabilities of HK$781,000 (2022: HK$1,164,000). The increase in interest on bank loans of HK$154,000 was due to higher interest rates charged by banks on borrowings. On the other hand, interest expenses on lease liabilities under HKFRS 16 has decreased by HK$383,000, mainly attributable to the ending of leases for the Harbour City retail store and Chater House in July 2022 and July 2023 respectively. Overall, the finance cost for the year ended 31 December 2023 has dropped by HK$229,000 or 17% as compared to 2022.

BUSINESS REVIEW

SWANK

As mentioned in the 2023 Interim Report, with the gradual relaxation of the Hong Kong Government's COVID-19 anti-pandemic measures from September 2022, tourists began to return to Hong Kong and cross border travels of Mainland Chinese fully resumed in February 2023, hence sales revenue for the fashion retail segment began to improve in early 2023 and by 31 December 2023 was 22% higher than last year to reach HK$86,867,000, as compared to the amount for 2022 of HK$71,304,000. Whilst the sales uplift in the first half of 2023 was close to 40%, against the difficult business environment for the same period in 2022 that was severely impacted by the fifth wave of COVID-19, the momentum of post-pandemic recovery of the retail market slowed in the second half of 2023. Hence the increase in sales revenue for second half of 2023, as compared to the same period in 2022, was a lower uplift of 9% which was also partly attributable to losing approximately 1,200 square feet of selling footage due to the inability to renew the lease of Paule Ka retail store in July 2023. Nevertheless, the total sales revenue for the year ended 31 December 2023 was HK$15,563,000 more than last year.

Notwithstanding a number of factors in 2023 which presented operating challenges for the fashion retail business, SWANK was able to reduce the operating loss in consecutive years since the start of the COVID-19 pandemic in 2020 (2022: HK$18,229,000; 2021: HK$22,539,000; 2020: HK$36,260,000) to HK$10,310,000 for the year ended 31 December 2023, representing a 71%, or total of HK$25,950,000 decrease in operating losses. This reduction is achieved primarily through strong cost management, especially in rental expense whereby landlords were approached to negotiate for either rent rebate or more favourable rates upon renewal, taking into consideration the poor retail environment brought about by the COVID-19 pandemic. However, a year after the end of pandemic for Hong Kong, landlords are gradually becoming less negotiable with the rental of prime retail space.

Hill Top Country Club ("Hill Top" or "the Club")

The Club began the year with a significant increase in patronage of its food and beverage outlets and wedding banquet and function bookings to achieve a 107% increase in revenue for the first half of 2023 as compared to last year, which fully capitalized on the benefits of relaxation in the Hong Kong Government's anti-pandemic measures since late 2022 and the ground works laid in 2022 to attract more members and customers. However, even though the full year revenue in 2023 had increased by 57% to HK$12,805,000 (2022: HK$8,176,000), due to increase in various operating expenses, especially staffing costs due to labour shortage, Hill Top was not able to improve on its bottom line.

During the year, the Club actively offered more variety of activities and made changes to attract members and customers patronage, such as weekend staycation, Chinese hot pot, alternative spending and reward program, new al-la carte menu at both Chinese and Western restaurants and various children's activities which resulted in good acquisition and retention of short-term membership. However, with increased popularity of cross border travel to Mainland China for cheaper and better food and beverage offerings amongst local Hongkongers, Hill Top's revenue fell short of expectation and hence the operating loss of this business segment was not lowered compared to last year.

As mentioned in the Overview section of this report, the Board has resolved to cease the Club's operation from 16 June 2024. The Club will continue to provide existing services and facilities up to 15 June 2024 and members can contact the membership service department with any queries.

Investments

The Group's investment in financial instruments mainly comprises four categories: (A) Marketable Funds Investment including, unitized open-end bond and equity fund, and money market investment; (B) Discretionary Investment Portfolios managed by three financial institutions under specific agreed mandate and controlled by the Group; (C) Listed Securities Investments; and (D) Other Fund Investments, including Private Equity Funds. As at 31 December 2023, the total carrying value of the Group's investment portfolio in financial instruments was HK$525,371,000 (31 December 2022: HK$517,699,000), representing approximately 47.6% (31 December 2022: 43.7%) of the carrying value of the Group's total assets.

After the investment market meltdown in 2022, brought upon by aggressive monetary tightening actions of the central banks of major developed countries and the concern of possible economic recession, both the fixed income and equity markets staged a strong rebound in 2023. The global fixed income market, represented by the Bloomberg Global Aggregate Index, rose by 5.7% while the global equity market, represented by the FTSE All World Index, gained 22.7%, mainly boosted by the decline in treasury yield as bond investors expected the United States ("US") Federal Reserve ("Fed") to pivot by cutting interest rate as soon as in March-2024 and the rising hope of achieving an economic soft landing in the US. In contrast, China is one of few major equity markets that suffered negative return. The onshore Chinese equity index CSI 300 Index and the offshore Hang Seng Index registered negative returns of 9.1% and 10.5% respectively in 2023. Internally, the domestic economic recovery disappointed the market as the ailing property market and the weak employment market more than offset the benefits from post-COVID reopening. The mild and piece-meal stimulus measures of China's central government were not strong enough to restore global investors' confidence in the Chinese equity market. Externally, the geopolitical tension between China and US remained unthawed.

Riding on the rallies of the fixed income and equity markets, especially in the last two months of 2023, the Group's diverse investment portfolio, managed with a prudent approach, delivered a satisfactory return for the period under review. This was achieved, besides adhering to cautious asset allocation approved by the Board and selection of investment managers approved by the Investment Committee, via closely monitoring the market conditions and taking timely action to adjust the asset allocation and investment strategies. As such, the Group's investment in financial instruments was able to revert to a net gain of HK$27,681,000 (2022: a net loss of HK$92,251,000) for the year ended 31 December 2023, before general and administrative expenses.

A. Marketable Funds Investment Portfolio – including unitized open-end bond and equity fund, and money market investment

The marketable funds investment portfolio consists of four primary investment strategies, namely money market investment, investment grade & high yield bond funds, enhanced yield funds and equity funds.

The total carrying value of the Group's investment in this category was HK$306,572,000 as at 31 December 2023 (31 December 2022: HK$290,832,000), representing approximately 27.8% of the carrying value of the Group's total assets; and the asset allocation in this portfolio was 0.4% in a money market investment, 56.9% in bond funds, 29.1% in enhanced yield funds and 13.6% in equity funds. This category of portfolio recorded a net gain of HK$16,561,000 or 5.1% (2022: a net loss of HK$46,461,000) for the year ended 31 December 2023. The net gain was attributable to HK$10,980,000 unrealised mark-to-market gain, HK$2,646,000 realised loss on disposal and HK$8,227,000 dividend and interest income received.

Investment Grade & High Yield Bond Funds

In this strategy, the Group held six bond funds which can be grouped into the categories of investment grade and high yield bond funds. As at 31 December 2023, the fair value of the Group's investment in this strategy was HK$174,119,000, representing approximately 56.9% of the carrying value of the marketable funds investment portfolio and 15.8% of the carrying value of the Group's total assets. The net return on this investment was a HK$14,213,000 gain or 7.8% for the year ended 31 December 2023. Below are individual funds with fair value exceeding 5% of the carrying value of the Group's total assets.

PIMCO GIS - Income Fund

The PIMCO Fund is a portfolio that is actively managed and utilises a broad range of fixed income securities that seek to produce an attractive level of income with a secondary goal of capital appreciation. The fund (Institutional Income Class USD) has had a 5-year annualised return of 3.7% for the period of 2019 to 2023. As at 31 December 2023, the fair value of the Group's investment in this fund was HK$67,470,000 (31 December 2022: HK$66,093,000), representing approximately 6.1% of the carrying value of the Group's total assets. The net return of this fund was HK$5,508,000 gain or 8.3% for the year ended 31 December 2023, comprised a HK$1,377,000 unrealised mark-to-market gain and HK$4,131,000 of dividend received.

Enhanced Yield Fund

As at 31 December 2023, the Group held six funds in this strategy with a fair value of HK$89,302,000, representing approximately 29.1% of the carrying value of the marketable funds investment portfolio and 8.1% of the carrying value of the Group's total assets. This portfolio consisted of one China long/short credit fund, one infrastructure private fund, two private real estate funds and two private credit funds. The net return on investment was a HK$457,000 gain or 0.5% for the year ended 31 December 2023. The Group's investment in individual fund in this strategy did not exceed 5% of the carrying value of the Group's total assets.

Equity Funds

As at 31 December 2023, the Group held four equity-based funds with a fair value of HK$41,809,000, representing approximately 13.6% of the carrying value of the marketable fund investment portfolio and 3.8% of the carrying value of the Group's total assets. This portfolio included one U.S. fund, one China offshore fund, one China A-share fund, and one Asian (excluding Japan) fund. The net return on investment was a HK$1,787,000 gain or 3.4% for the twelve months ended 31 December 2023. The Group's investment in individual fund in this strategy did not exceed 5% of the carrying value of the Group's total assets.

B. Discretionary Investment Portfolio divided and managed by Morgan Stanley Asia International Limited ("MS Portfolio"), LGT Bank (Hong Kong) ("LGT Portfolio'') and Bank Julius Baer & Co. Ltd. (Singapore) ("JB Portfolio")

MS Portfolio

Morgan Stanley ("MS") offers a bespoke asset allocation solution based upon its Global Investment Committee Model. The Asia Investment Management Services team leverages the extensive research, investment expertise and execution capabilities of MS to invest in traditional and sophisticated multi-asset, equity and fixed income funds, Exchange-Traded Funds ("ETF") and money market instruments. As at 31 December 2023, the total carrying value of the MS Portfolio was HK$67,966,000 (31 December 2022: HK$60,260,000) with a total of 22 funds and ETF holdings, representing approximately 6.2% of the carrying value of the Group's total assets. The asset allocation in the portfolio comprised 1.2% money market investment, 28.8% fixed income funds, 62.8% equity funds (including ETF) and 7.2% other investments. The MS Portfolio has been set up to gradually spread risk with a high flexibility to invest a significant proportion in the Money Market Investment awaiting suitable opportunities to reinvest in other asset classes. The MS Portfolio recorded a net gain of HK$6,540,000 or 10.0% during the period under review.

***LGT** Portfolio*

LGT offers a bespoke asset allocation solution based on recommendations from LGT's Investment Committee in Asia and dynamically incorporates monitoring of macroeconomic outlook, market conditions, and fundamentals of securities into the portfolio. Investments are largely in equity and fixed income securities, and to a smaller extent, in mutual funds or ETFs. As at 31 December 2023, the total market value of the LGT portfolio was HK$62,327,000 (31 December 2022: HK$67,271,000), with 32 fixed income securities, 45 equities, and 4 alternative (including hedge funds and REIT) fund holdings, representing in total approximately 5.6% of the carrying value of the Group's total assets. The asset allocation in the LGT portfolio as at 31 December 2023 was 69.8% in fixed income, 29.2% in equities, and 1.0% in alternative investments. The LGT portfolio has been set up to diversify risk and reduce volatility, thus with fixed income investment as the dominant asset class. The LGT portfolio recorded a net gain of HK$10,675,000 or 17.2% during the period under review.

JB Portfolio

Julius Baer offers a bespoke asset allocation solution based upon assessment and recommendations of its Global Chief Investment Officer and dynamically incorporates monitoring of macroeconomic outlook, market conditions, and asset allocation strategy into the portfolio through ETF investment. As at 31 December 2023, the total carrying value of the JB Portfolio was HK$21,883,000 (31 December 2022: HK$19,042,000), comprised one or 3.9% money market fund, three or 31.9% fixed income ETFs and seven or 64.2% equity ETFs, representing in total approximately 2.0% of the carrying value of the Group's total assets. The JB Portfolio has been set up to diversify the Group's investment into ETFs and it returned a net gain of HK$3,017,000 or 15.2% during the period under review.

C. Listed Securities

The Group maintains its investment approach that minimises direct investment in individual listed equities. Hence, as at 31 December 2023, the Group had only one listed equity in its investment portfolio, namely China Motor Bus Company Limited ("CMB"), with a total carrying value of HK$16,801,000 (31 December 2022: HK$20,490,000), representing approximately 1.5% of the carrying value of the Group's total assets. The investment in CMB recorded a net loss of HK$2,781,000 (2022: HK$5,846,000 net loss), comprised an unrealised fair value loss of HK$3,689,000 and dividend income of HK$908,000 for the year ended 31 December 2023.

D. Other Fund Investments - Private Equity Funds

The total carrying value of the Group's investment in this category was HK$49,822,000 as at 31 December 2023 (31 December 2022: HK$59,804,000) and recorded a net loss of HK$6,331,000 (2022: a net loss of HK$13,181,000) for the year ended 31 December 2023.

ASEAN China Investment Fund III L.P. ("ACIF III")

The Group has made an investment commitment of US$4,000,000 (equivalent to HK$31,120,000) in ACIF III for a 1.532% shareholding. ACIF III is managed out of Singapore by United Overseas Bank Venture Management Private Limited ("UOBVM") and targets investments in growth-oriented companies operating in East and South East Asia countries and Mainland China. As at 31 December 2023, the Group has invested a total of HK$24,030,000 in this fund and the Group's share of capital value was HK$22,548,000 based on the management accounts the fund manager has provided. The total return on investment of ACIF III was a HK$6,024,000 net loss for the year ended 31 December 2023 (2022: net loss of HK$12,012,000), comprised HK$10,435,000 fair value loss and HK$4,411,000 distribution income received. This fair value loss mainly stemmed from decline in the fair value of the fund's listed and unlisted securities holdings of Mainland Chinese companies. Despite this short-term setback, ACIF III is viewed as a long-term investment which helps to diversify the Group's investment portfolio with exposure to a wider range of potentially profitable private companies managed by a team of Managers with good track records. ACIF III has delivered a satisfactory 14.48% net internal rate of return since inception.

ASEAN China Investment Fund IV L.P. ("ACIF IV")

With the success of ACIF III, the Group has made another capital commitment of US$4,000,000 (equivalent to HK$31,120,000) in ACIF IV for a 1.649% shareholding. ACIF IV is an exempted limited partnership incorporated in the Cayman Islands on 20 February 2018 and a closed-end private equity fund. The fund is also managed out of Singapore by the UOBVM team, and is a "follow-on" fund to its predecessors (ACIF I, ACIF II and ACIF III) and continues the focus of investing primarily via minority stakes in expansion stage capital opportunities through privately negotiated equity and equity related investments in small and medium sized growing companies that benefit from the continuing expansion of trade and investment among the ASEAN member-states and Mainland China, and their respective overseas trading partners. As at 31 December 2023, the Group had invested a total of HK$29,285,000 in this fund and the Group's share of capital value was HK$27,274,000 based on the management accounts the fund manager has provided. The total return of the Group's investment in ACIF IV was a HK$307,000 net loss for the year ended 31 December 2023 (2022: net loss of HK$1,169,000). This fair value loss was primarily from decline in the fair value of the fund's unlisted securities in Mainland China, Vietnam and Indonesia. Similar to ACIF III, ACIF IV is also viewed as a long-term diversified investment of the Group's portfolio.

Investment Portfolio

The purpose of investment in financial instruments, which are managed on a fair value basis, is for earning distributions, yield enhancement, capital appreciation and providing liquidity. Under the above backdrop of the investment environment, in order to improve performance whilst balancing with risk management, importance of potential returns to shareholders and the increasing requirement for more specialised and skilled investment management, the Group has determined to minimise its direct investments in individual listed securities and increase substantially the proportion of its investment mainly in unitized equity and bond funds that are managed by professional and recognised asset managers. The Group has also allocated a certain portion of its investment to Discretionary Investment Portfolios managed by three reputable international financial institutions located in Hong Kong under specific agreed mandate and controlled by the Group.

The details of the purpose, performance and business risks of Investments, strategy for future investments and the prospects of investments are set out in other parts of this statement.

Investment Portfolio

The Group's investment portfolio as at 31 December 2023 was as follows:

Stock code / ISIN code / Bloomberg code	Company Name	Principal businesses	Number of shares / units held as at 31 December 2023 '000	Note	Percentage of shareholding as at 31 December 2023 %	Investment Cost of investments held as at 31 December 2023 HK$'000 (Note 6)	For the year ended 31 December 2023: Fair value gain/ (loss) HK$'000	Gain / (loss) on disposal HK$'000	Interest income HK$'000	Dividend income HK$'000	Total HK$'000	Fair value as at 31 December 2023 HK$'000	Percentage to the Group's total assets as at 31 December 2023 %	Fair value as at 31 December 2022 HK$'000
<u>Financial Assets at fair value through profit or loss</u>														
– Current assets														
A. Marketable Funds Investment Portfolio, at fair value														
Unlisted														
Investment Grade & High Yield Bond Funds														
PINCMII ID	PIMCO GIS – Income Fund	Bond fund	804		N/A	71,570	1,377	–	–	4,131	5,508	67,470	6.1%	66,093
RHYBCHU LX	Robeco High Yield Bond Fund	Bond fund	37		N/A	30,309	950	–	–	2,036	2,986	27,522	2.5%	26,572
FASBYAU LX	Fidelity Asian Bond Fund	Bond fund	238		N/A	29,953	1,276	–	–	–	1,276	27,469	2.5%	26,193
DCGBDUA ID	Dodge & Cox Worldwide Funds Plc - Global Bond Fund	Bond fund	246		N/A	23,340	2,472	–	–	–	2,472	25,812	2.3%	–
BGATBDU LX	BGF Asian Tiger Bond Fund	Bond fund	163		N/A	19,450	990	–	–	–	990	16,545	1.5%	15,555
	Others	Bond fund			N/A	N/A	750	56	–	175	981	9,301	0.9%	23,819
Subtotal							7,815	56	–	6,342	14,213	174,119	15.8%	158,232

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 31 December 2023 was as follows:

Stock code / ISIN code / Bloomberg code	Company Name	Principal businesses	Number of shares / units held as at 31 December 2023 '000	Note	Percentage of shareholding as at 31 December 2023 %	Investment Cost of investments held as at 31 December 2023 HK$'000 (Note 6)	For the year ended 31 December 2023: Fair value gain/ (loss) HK$'000	Gain / (loss) on disposal HK$'000	Interest income HK$'000	Dividend income HK$'000	Total HK$'000	Fair value as at 31 December 2023 HK$'000	Percentage to the Group's total assets as at 31 December 2023 %	Fair value as at 31 December 2022 HK$'000
Financial Assets at fair value through profit or loss														
– Current assets														
Enhanced Yield Funds														
PRUENHN KY	Prudence Enhanced Income Fund Class A - Series 1	Alternative fund	7		N/A	40,276	993	–	–	–	993	47,437	4.3%	46,444
LU2571549042	Brookfield Infrastructure Income Fund	Alternative fund	193		N/A	15,560	–	–	–	–	–	15,560	1.4%	–
	Others	Alternative fund			N/A	N/A	(1,459)	(747)	–	1,670	(536)	26,305	2.4%	40,225
Subtotal							(466)	(747)	–	1,670	457	89,302	8.1%	86,669
Equity Funds														
DCUSSUA ID	Dodge & Cox Worldwide US Stock A USD	Equity fund	71		N/A	21,192	3,430	–	–	–	3,430	24,028	2.2%	20,597
SCHAEYC LX	Schroder International Selection Fund Asian Equity Yield	Equity fund	36		N/A	11,800	1,404	–	–	–	1,404	11,414	1.0%	10,010
	Others	Equity fund			N/A	N/A	(1,268)	(1,955)	–	176	(3,047)	6,367	0.6%	14,047
Subtotal							3,566	(1,955)	–	176	1,787	41,809	3.8%	44,654
Listed														
Money Market Investment														
	Others	Corporate bond investment			N/A	N/A	65	–	39	–	104	1,342	0.1%	1,277
Subtotal							10,980	(2,646)	39	8,188	16,561	306,572	27.8%	290,832

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 31 December 2023 was as follows:

Stock code / ISIN code / Bloomberg code	Company Name	Principal businesses	Number of shares / units held as at 31 December 2023 '000	Note	Percentage of shareholding as at 31 December 2023 %	Investment Cost of investments held as at 31 December 2023 HK$'000 (Note 6)	For the year ended 31 December 2023: Fair value gain/ (loss) HK$'000	Gain / (loss) on disposal HK$'000	Interest income HK$'000	Dividend income HK$'000	Total HK$'000	Fair value as at 31 December 2023 HK$'000	Percentage to the Group's total assets as at 31 December 2023 %	Fair value as at 31 December 2022 HK$'000
<u>Financial Assets at fair value through profit or loss</u>														
– Current assets														
B. Discretionary Investment Portfolio, at fair value														
1) Managed by Morgan Stanley Asia International Limited														
Listed and Unlisted														
	Others	Mainly Money market fund, Bond fund, Equity fund, Mutual fund and Equity ETF		*1*	N/A	N/A	6,019	452	–	69	6,540	67,966	6.2%	60,260
Subtotal							6,019	452	–	69	6,540	67,966	6.2%	60,260
2) Managed by LGT Bank (Hong Kong)														
Listed and unlisted														
	Others	Corporate bond investment		*2*	N/A	N/A	1,455	(113)	1,669	–	3,011	43,500	3.9%	39,999
	Others	Equity and Fund investment		*3*	N/A	N/A	5,220	2,069	–	375	7,664	18,827	1.7%	27,272
Subtotal							6,675	1,956	1,669	375	10,675	62,327	5.6%	67,271
3) Managed by Julius Baer														
Listed and unlisted														
	Others	Mainly Bond and Equity ETF		*4*	N/A	N/A	2,413	199	–	405	3,017	21,883	2.0%	19,042
Subtotal							2,413	199	–	405	3,017	21,883	2.0%	19,042
Subtotal							15,107	2,607	1,669	849	20,232	152,176	13.8%	146,573

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 31 December 2023 was as follows:

Stock code / ISIN code / Bloomberg code	Company Name	Principal businesses	Number of shares / units held as at 31 December 2023 '000	Note	Percentage of shareholding as at 31 December 2023 %	Investment Cost of investments held as at 31 December 2023 HK$'000 (Note 6)	For the year ended 31 December 2023: Fair value gain/ (loss) HK$'000	Gain / (loss) on disposal HK$'000	Interest income HK$'000	Dividend income HK$'000	Total HK$'000	Fair value as at 31 December 2023 HK$'000	Percentage to the Group's total assets as at 31 December 2023 %	Fair value as at 31 December 2022 HK$'000
Financial Assets at fair value through profit or loss														
– Current assets														
C. Listed Equity Investments, at fair value														
Listed in Hong Kong														
26	China Motor Bus Company Limited	Property Development and Investment	2 84		0.63%	14,079	(3,689)	–	–	908	(2,781)	16,801	1.5%	20,490
Subtotal							(3,689)	–	–	908	(2,781)	16,801	1.5%	20,490
- Non-current assets														
D. Other Fund Investments, at fair value														
Unlisted investments														
N/A	ASEAN China Investment Fund III L.P.	Private Equity Fund	3,939	*5*	1.532%	24,030	(10,435)	–	–	4,411	(6,024)	22,548	2.0%	32,755
N/A	ASEAN China Investment Fund IV L.P.	Private Equity Fund	3,764	*5*	1.649%	29,285	(417)	–	–	110	(307)	27,274	2.5%	27,049
Subtotal							(10,852)	–	–	4,521	(6,331)	49,822	4.5%	59,804
Total							11,546	(39)	1,708	14,466	27,681	525,371	47.6%	517,699

Notes:

1) Including fund investments disposed during the year and the Group's other 22 investments mainly in unlisted bond and equity fund, money market fund, mutual fund and listed equity ETFs held at the year end. The carrying value of each of these investments represents less than 1% of the total assets of the Group as at 31 December 2023.

2) Including debt investments disposed during the year and other 32 investments in USD corporate bonds with fixed tenor listed in Hong Kong and overseas and unlisted USD corporate bonds held at year end. The carrying value of each of these investments represents less than 1% of the total assets of the Group as at 31 December 2023.

3) Including equity/fund investments disposed during the year and other 49 investments in listed equity and unlisted fund investment held at year end. The carrying value of each of these investments represents less than 1% of the total assets of the Group as at 31 December 2023.

4) Including fund investments disposed during the year and the Group's other 11 investments mainly in listed bond and equity ETFs held at the year end. The carrying value of each of these investments represents less than 1% of the total assets of the Group as at 31 December 2023.

5) It represents the Partners' capital paid-up amount in Thousand US Dollars which the Group had paid as at 31 December 2023.

6) For investments held at year end with carrying value more than 1% of the Group's total asset as at 31 December 2023.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

The Group had no material acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2023.

KEY RISKS AND UNCERTAINTIES

The Group's business prospects, operating results and financial position have been and will continue to be affected by a number of risks and uncertainties. The following sections identify the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties additional to the key risk areas outlined below.

Business Risk

Fashion Retail Business

Shop premises

A key factor to the success of a fashion retail business is the establishment of physical retail stores at suitable locations for our targeted customers. Given the scarcity of reasonably priced prime retail premises, there is no assurance of SWANK's ability to secure premises that are suitable for its retail stores or to lease them at commercially attractive terms. SWANK's business plans and performance may be adversely affected and hence it is important to keep up to date and maintain good connections with the key leasing personnel of desirable retail premises.

eCommerce competition

During the COVID-19 pandemic, the luxury fashion E-Commerce market began to flourish. Post pandemic, even though online shopping continues to have the advantages of ease of purchase, quality of service, price competitive and wide offerings which has the potential to adversely affect the in-store sales revenue of SWANK, consumers have started to move away from online shopping, gradually reducing this threat. SWANK will have to ensure that its experienced sales team continue to provide the unique "in store shopping" experience to be more than just a transactional destination to mitigate this risk.

Supplier and brand partnership

The decrease in our sales volume might impact the partnership with key brands in their willingness to continue to supply smaller quantities of merchandise to SWANK. We need to work closely with key brands and maintain good relationships to keep up the trust and loyalty. We try to work with reputable partners and have adopted a supplier selection policy whereby brands and suppliers are evaluated on the quality of their product, price rate, popularity and trend, trading terms, advertising and promotion support and credibility.

Customer database

SWANK runs a customer loyalty program that requires our customers to provide personal data and other sensitive information. Hence, we have developed policy in handing data security and privacy, and the use of IT security controls to protect the data.

Resort and Recreational Club Operation

As mentioned throughout this report, the Board has concluded that the Company should cease the Club operation from 16 June 2024. The business risk presented below are therefore predominantly for the period up to the closure of the resort and recreational club operation, as well as the maintenance of the Hilltop Road land, on which the Club is situated on, after it cease operation.

Aging of facilities

Many of the Club's facilities are in need of major refurbishment to increase the efficiency of their usage. We are careful to ensure compliance with various statutory and relevant regulations, kept up with inspection of the facilities at least annually by relevant government agencies, and carried out the necessary repairs and maintenance so as to fulfil our license renewal requirement. Nevertheless, there are many aspects of the Club's infrastructure that are not operating as efficiently or delivering as much comfort as they could which may affect members' patronage.

Membership database

As a Club operator with possession of membership data and other sensitive information, we also have to be careful about the security and privacy in the handling of these data. IT security controls and employee guidelines on handling such private and sensitive information are provided at a company-wide basis to ensure that they are protected. The Club will follow all privacy regulations in Hong Kong in relation to dealing with membership data during and after the closure of the Club's operation.

Tight labour market

With the ending of COVID-19 pandemic in Hong Kong, business activities have gradually increase to pre-pandemic level which puts pressure on the labour market, especially for food and beverage services. The Club regularly engages with external recruitment agencies to supply casual catering staff to support banqueting events and also performs regular reviews of compensation and benefit packages to ensure competitiveness to increase staff retention rate.

Land and ground maintenance

Upon the closure of the Club's operation, maintenance of the land and hill slopes, and security of the premises will be needed to ensure safety and compliance with rules and regulations of relevant government agencies including the Buildings Department and the Lands Department. The Company will engage appropriate professional contractors to ensure that all safety and compliance requirements are met.

Investment in Financial Instruments

The Group's investment portfolio faces different kinds of market risk. In recent years, central bank of major financial markets had tightened monetary policy by raising interest rates to achieve economic goals of controlling inflation or defending the local currencies. Such tightening action has caused volatilities in both fixed income and equity markets of different magnitude which can significantly impact the marked to market price of the investments. In addition, fluctuation in the global, regional or local financial market conditions, and the political and economic factors in relevant countries or business sectors may also result in realized or unrealized loss on the Group's investment portfolio.

In addition to the above market risks, financial instruments investment also faces issuer risk, liquidity risk and currency risk. Issuer risk refers to the ability of an Issuer, and/or a Guarantor (if any) associated with a specific security, to meet its payment obligation to investors. This could have major impact on the return and valuation of the investment. Liquidity risk consists of secondary market risk and redemption risk. An investment product may have no buyer, or the bid price may be below the original purchase price in the secondary market and/or there might be redemption restriction for certain investment. Currency risk refers to the fact that if a product is denominated in a currency other than the Group's base currency, fluctuation in the rate of exchange may have an adverse effect on the value, price or income in respect of the investment.

After the sharp rebound in some of the major financial markets in 2023, the investment market is expected to remain highly volatile as the central banks' monetary policies are still susceptible to tightening depending on macro factors such as inflation, employment, and the condition of financial system liquidity. The rising pressure on commercial real estate loans and assets would also be a risk factor to the stability of the financial market. Against this backdrop of uncertainties, the Group will continue its prudent approach to balance the risks and returns of its investment portfolio. Furthermore, the Group has not used any leverage in its investment and does not invest in speculative derivatives, to avoid exposure to high-risk investment products.

Strategic Direction Risk

The success of the Group's operations depends on achieving the strategic objectives, tied in with creating long-term value for shareholders, which may be through acquisitions, joint ventures, dispositions or restructurings. The Group faces risk in its application of assets and capital towards suitable investments and seizure of business and investment opportunities when they arise.

Appropriate measures have been put in place by management to implement strong budget control and appropriate variance analysis to enable intelligent input to strategic decisions. The Board of Directors, with its broad and diverse knowledge and experience, has continued to provide strategic thinking and leadership, as well as oversight on behalf of all shareholders, in steering the direction and setting the parameters of the Group's decision-making. Implementation of, and performance against, appropriate strategy is monitored at both Management and Board level through regular updates and open communication.

Cyber risk and security and data fraud or theft

Cyber-attack on the Group's information technology ("IT") system, can have serious impact on its retail operation and also disrupt the overall business, and data breaches can lead to unauthorised disclosure of customer data and access to Group information that may adversely affect the business integrity of the Group, potentially be in breach of various laws and regulations, as well as adversely affect our customers. In a global environment whereby cyber-attack and data breach are common occurrence, cyber security and data protection is critical and hence the Group has developed comprehensive internal control guidelines for information technology security policy, which are documented in the Internal Control handbook and reviewed periodically and updated, as required.

The Group has put in place the following IT security measures:

(a) Implemented Next Generation Firewall and firewall upgraded with feature of zero-day protection.

(b) Used End Point Protection (anti-virus) with periodical update.

(c) Engaged email filtering service of a professional security vendor.

(d) Periodically back up data.

(e) Appropriate operating system security patch update provided by software vendors.

(f) Review the IT Risk Register and Internal Control Handbook annually.

(g) Hire certified consultant to perform regular network security assessment

Manpower and Retention Risks

Following the social unrest in 2019, there were a number of changes in the Hong Kong government's policies, rules and regulations which coincides with the highest number of local population migrating overseas and expat repatriation. In addition, the retail and food and beverage industries workforce has not returned to its pre COVID-19 size, after many have had to change jobs into other industries during the pandemic years in response to the reduction of jobs in those industries. Hence the competition for acquiring high calibre and competent talent in the open market within which the Group operates remains high, making the goal to minimise input costs (especially labour as the Group's operations are customer service orientated) extremely challenging. This in turn increases the risk of not being able to attract and retain key staff personnel and talent with appropriate and required skills, experience and competence to deliver the Group's business objectives. Therefore, the Group, in recognizing this risk whilst keeping consistent with the need to manage expenditure, has continued to provide attractive remuneration packages and training opportunities to suitable candidates and appropriate personnel. Effective and regular performance evaluation has also been adopted in order to reward outstanding employees and provide career path development.

Legal and Compliance Risks

Legal and compliance risks relate to risks arising from the government and regulatory environment which the Group trades in, including those arising from our obligations to The Stock Exchange of Hong Kong Limited and Securities and Futures Commission, and action risks in relation to legal proceedings and compliance with local laws and regulations, including those relating to financial reporting, labour and environmental protection, prevention of corruption and health and safety.

We are exposed to certain legal risks in the course of our businesses, which may lead to enforcement actions, fines and penalties or the assertion of litigation claims and damages. While we believe that we have adopted appropriate risk management and compliance programs, and where necessary taken appropriate steps or made what we consider to be appropriate provisions, legal and compliance risks will continue to exist with possible legal exposures and other contingencies, the outcome of which cannot be predicted with certainty.

Financial Risks

The Group is exposed to financial risks including foreign exchange risk, pricing risk, credit risk, liquidity risk and interest rate risks in the normal course of its business. For further details of such risks and relevant policies, please refer to Note 6 to the consolidated financial statements.

Macro-economic, Political Instability and Business Continuity Risk

The Group runs diverse business operations and is exposed to changing economic, social and political developments that may impact consumer demand, disrupt operations and impact profitability. Adverse macro-economic conditions, social unrest or virus spread may impact the spending habits of consumers, investment returns and in turn our operations and overall financial performance. Any major disruption could make it difficult for the Group to continue carrying out its normal day-to-day business activities.

Our diversified operating strategy helps to mitigate the risk of reliance on particular investments or business operation. The Group has developed and continues to refine its business contingency plans and arrangements to be well prepared and ensure business continuity. The Group's IT systems have specific disaster recovery arrangements and is now able to support remote working, away from the head office operation if employees are unable to travel to the office.

TREASURY MANAGEMENT/POLICIES

As part of the ordinary activities of the Group, Treasury actively projects and manages the cash balance and borrowing requirements of the Group to ensure sufficient funds are available to meet the Group's commitments and day-to-day operations. The Group's liquidity and financial requirements are reviewed regularly.

In order to minimise risk, the Group continues to adopt a prudent approach regarding cash management and foreign currency exposure. Treasury is permitted to invest cash in short-term deposits subject to specified limits and guidelines. Forward foreign exchange contracts are utilised when considered appropriate to mitigate foreign exchange exposures subject to specified limits and guidelines.

The Group's imported purchases are mainly denominated in Euro, with insignificant amounts in Japanese Yen, British Pounds and United States Dollars and a relatively small portion of the investment portfolio is denominated in currencies other than United States Dollars and Hong Kong Dollars. The Group has undertaken appropriate scale of hedging to protect its foreign currency exposure, especially with respect to Euro and will, from time to time, review its position and market conditions to determine the amount of hedging (if any) that is required. Typically, the Group purchases forward contract of Euro and Euro cash amounting to approximately half of its anticipated merchandise purchase requirements in each season for its fashion business.

LIQUIDITY AND FINANCIAL POSITION

As at 31 December 2023, the Group was in a solid financial position with cash and non-pledged deposit holdings of HK$109,576,000 (31 December 2022: HK$125,529,000). Total borrowings and lease liabilities amounted to HK$5,079,000 (31 December 2022: HK$5,882,000) and HK$8,396,000 (31 December 2022: HK$18,479,000) respectively with HK$13,475,000 (31 December 2022: HK$16,465,000) repayment falling due within one year. As previously reported and elaborated in more detail above, the Group has invested a substantial proportion of the cash and non-pledged deposit holdings in unitized open-end equity and bond funds since the second half of 2018. The Group will retain sufficient cash deposits for its regular operation activities in the treasury portfolio and has chosen to invest a high proportion in marketable funds to ensure that there is more than adequate liquidity. As at 31 December 2023, the Group's gearing ratio (a comparison of total borrowings and lease liabilities with equity attributable to equity holders of the Company) was 1.3% (31 December 2022: 2.1%) and is in a sound financial position with its current ratio (current assets over current liabilities) standing at 16.9 times (31 December 2022: 17.5 times).

As all segments of the Group's operations were adversely impacted by COVID-19 in 2022 and recovery from the prolonged negative impacts remains uncertain, management will closely monitor the financial position and believes that while the near term remains challenging, our strong liquidity and tight-cost management will provide support for the long-term prospects of the Group. As at 31 December 2023, the Group's bank balances and borrowings were denominated primarily in United States Dollars, Hong Kong Dollars and Euro, and exchange differences were reflected in the audited consolidated financial statements. All borrowings of the Group are on a floating interest rate.

PLEDGE OF ASSETS

As at 31 December 2023, HK$10,000,000 of the Group's fixed deposits (31 December 2022: HK$10,000,000) were pledged to banks to secure trade banking facilities of up to HK$30,000,000 (31 December 2022: HK$30,000,000) and foreign exchange facilities.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

SWANK, the fashion retail business, complies with the requirements under the Sales of Goods Ordinance, the Trade Descriptions Ordinance and the Competition Ordinance in respect of the sale of merchandise in Hong Kong.

For the resort and recreational club operation, Hill Top operates strictly in compliance with the Clubs (Safety of Premises) Ordinance and related laws and regulations to be issued a certificate of Compliance from the Licensing Authority of the Home Affairs Department.

For the investments in financial instruments, the Group complies with the Securities and Futures Ordinance ("SFO") and the disclosure requirements under the Listing Rules.

The Group is committed to safeguarding personal data, specifically to protect the privacy of SWANK customers and of Hill Top members when collecting and processing their personal information, the Group complies with the Personal Data (Privacy) Ordinance.

In relation to Human Resource Management, the Group is committed to complying with the requirements of all applicable ordinances including the Employment Ordinance, the Employees' Compensation Ordinance, the Minimum Wage Ordinance, the Mandatory Provident Fund Schemes Ordinance, the Occupational Retirement Schemes Ordinance, the Personal Data (Privacy) Ordinance, ordinances which deal with discrimination against disability, sex, family status and race, and ordinances relating to occupational safety of staff, so as to safeguard the interests and well-being of employees. The Group also values good conduct of employees and wishes to safeguard shareholder funds and integrity of its businesses and business decisions and has thus adopted a Code of Conduct which sets out clear guidelines on prevention of bribery and to regulate and restrict the acceptance of benefits by employees.

At the corporate level, the Group complies with the requirements under the Companies Ordinance, the Listing Rules and the SFO for, among other things, the disclosure of information and proper and effective corporate governance.

To ensure that the Group complies with relevant laws and regulations, Management regularly reviews its practices to keep up to date with the latest developments in regard to all relevant laws and regulations. Training on important topics such as the anti-corruption procedures and practices are provided periodically. Appropriate policies and procedures have been put in place to ensure compliance with the relevant laws and regulations. These policies and procedures are reviewed and updated where necessary.

Management and business unit/department heads attend external seminars and workshops on a regular basis to keep informed of the latest developments in regard to all relevant laws and regulations. During the year ended 31 December 2023, the Group was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on the Group.

IMPORTANT EVENTS AFTER THE FINANCIAL YEAR

As mentioned elsewhere in this report, and with reference to the announcement published by the Company on 26 March 2024 (the "Business Update Announcement"), the Board has resolved to cease the operation of Hill Top Country Club (the "Club") effective from 16 June 2024. The closure of the Club will not have a material impact on the Group's financial statements as assets and liabilities that are related to the Club's operation are immaterial except for the Club property which has been revalued based on its highest and best use under HKFRS for residential development. The cessation of the Club's operation is expected to reduce losses from the resort and recreational club business segment in the Group's 2024 financial statements compared to the year ended 31 December 2023. For further details, please refer to the Business Update Announcement.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2023, the Group had 97 staff, including Executive Directors, as compared to 115 as at 31 December 2022. Total employee costs (including Executive and Non-Executive Directors' emoluments) were approximately HK$49,928,000 for the year ended 31 December 2023 (2022: HK$47,702,000). Employees' remuneration is determined with reference to individual's duties, responsibilities and performance. The Group provides employee benefits such as staff medical and life insurance schemes, provident and pension funds, sales commissions, discretionary performance bonuses and internal/external training support. The Group has a comprehensive Code of Conduct that is applicable to all Group employees and Executive Directors.

FUTURE OUTLOOK AND STRATEGIES

SWANK

With the weaker than expected recovery of the retail market in 2023, SWANK will likely continue to face head-winds in 2024. The luxury fashion retail market landscape in Hong Kong looks to be shifting away from its pre-pandemic form, coupled with uncertainties in the pace of economic recovery in Hong Kong and China, consumer spending can be expected to continue to be weak. The Group had already taken a number of cost reduction measures in the second half of 2023, in light of the trading challenges, including not replacing some of the resigned staff especially at senior level, instead combined or streamlined job roles which will result in a leaner organization structure at lower fixed operating costs.

Other operational efficiency measures that have been taken include trimming the number of merchandise brands SWANK will carry to the ones that are most sought after by our loyal and regular customers, to reduce the amount of inventory carryover at the end of each season, and also only renew the lease of stores that have better potential to increase the profitability of SWANK.

Customer relationship management will continue to be the focus in the coming year to ensure that the loyalty of SWANK's customers is recognised and appreciated. More brand training will be conducted to enable our dedicated sales team to better serve our customers.

Hill Top Country Club

The Group and Management of the Club will ensure that, for the remaining period of time that the Club is in operation, the services and facilities of the Club will continue to be offered and delivered to members at the same level of commitment. After closure, the grounds of the Club will be safeguarded and maintained at minimal cost by professional contractors engaged to ensure the safety and security.

With this decision to cease the Club operation from 16 June 2024, the Group will take proactive steps to manage the redundancy process of the Club employees, including but not limited to searching for deployment opportunities in other business segment of the Group or outside of the Company, and assist in making contact where applicable. For employees that may be terminated as a result of the closure of the Club, the Group's human resource department will oversee the process to ensure that all terminated employees of the Club be terminated as fair and reasonable with compensation that meets the requirements of the Hong Kong labour law and regulations.

Investments in Financial Instruments

Entering 2024, the performance of global fixed income and equity markets have been divergent, with the Bloomberg Global Aggregate Index at nearly 3% lower since at the start of 2024 while the FTSE All-World Equity Index climbing over 3%. Recent stronger-than-expected inflation prints in the United States ("US") has impacted on the investment market's hope of an early interest rate cut in March, sending the fixed income yield away from its previous upward trend. On the other hand, the better-than-feared corporate results and the continuing Artificial Intelligence ("AI") hype have helped equity assets to defy the gravity of the rising treasury bond yield. The uncertainties surrounding the possibility of deteriorating government fiscal policy change brought about by a number of worldwide presidential elections (but in particular the US) and potential spillover from default of commercial real estate in some of the developed markets are the key risks to the performance of investments in 2024. Nonetheless, an economic "soft landing" in the US remains the base case, as economic data including consumption, housing and employment all point to a resilient economy while inflation continues on a decline trend. Against this backdrop, the Group sees that it would be safe to gradually switch out from 2023's more conservative strategy of maintaining higher cash balance to capitalise on interest rate hikes, to a more liberal investment strategy cautiously. The Group will continue a prudent approach to balance the risks and reward of investment through diversification of securities type, geography and industries.

Penny Soh Peng CROSBIE-WALSH
Executive Director and Chief Executive Officer

Hong Kong, 26 March 2024

BIOGRAPHIES OF DIRECTORS

EXECUTIVE DIRECTOR

Mrs. Penny Soh Peng CROSBIE-WALSH (Former Name: Soh Peng LEE), aged 56, has been an Executive Director of the Company since November 2021 and the Chief Executive Officer of the Company since February 2022. Mrs. Crosbie-Walsh is the chair of the Investment Committee and a member of the Corporate Governance Committee of the Company, and a director of all principal subsidiaries of the Company. She was the Chief Operating Officer of the Company from July 2021 to January 2022.

Before joining the Group, Mrs. Crosbie-Walsh held various positions in areas of operations, accounting and finance, internal audit and board directorship in a variety of industries that span across non-governmental organisation ("NGO"), consumer goods, fashion retail, professional accounting and legal firms. Mrs. Crosbie-Walsh held the positions of Director of Operations for the Corporate Finance & Reconstruction division of PricewaterhouseCoopers Hong Kong and financial controller at Marks and Spencer (Hong Kong) Limited (now known as ALF Retail Hong Kong Limited). Mrs. Crosbie-Walsh has been working in Hong Kong since she joined the internal audit department of Philip Morris (Hong Kong) Limited in 1993. Mrs. Crosbie-Walsh obtained her Chartered Accountant qualification during her employment at KPMG Australia in Melbourne and holds a Bachelor of Economics degree in Accounting from La Trobe University in Melbourne, Australia.

Mrs. Crosbie-Walsh is currently a Board director of a local NGO, Harmony House Limited ("HHL"), and also holds positions as chair of their capital expenditure committee as well as a member of HHL's various other board-level committees.

NON-EXECUTIVE DIRECTOR

Mr. Hung Han WONG, aged 52, has been a Non-executive Director and the Non-executive Chairman of the Board of the Company since June 2021. Mr. Wong is a member of the Audit Committee, the Investment Committee and the Remuneration Committee of the Company.

Mr. Wong is currently an executive director and the Chief Operating Officer of Chinachem Group, an appointment he held since 2018. He has been a member of the Executive Committee since 2016 and is also a member of various steering committees of Chinachem Group. He also heads up the Property Services arm of Chinachem Group, with direct responsibility for its business strategy, financial profitability and operations. He has direct managerial responsibilities over business support functions of Chinachem Group. Mr. Wong has over 28 years of experience spanning the information technology, consultancy and real estate industries. His career started with Hewlett-Packard, a US multi-national corporation which provided IT products and services. Thereafter, he spent a couple of years as a consultant in PricewaterhouseCoopers prior to joining Chinachem Group in 2013. Mr. Wong holds a Master of Science in Real Estate degree from the University of Hong Kong, a Master of Business Administration degree from the Hong Kong University of Science and Technology and a Bachelor of Science (Computer and Information Sciences) degree from the National University of Singapore.

Mr. Wong was a non-executive director of Pine Care Group Limited (delisted from The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 February 2024) from October 2022 to February 2024.

Mr. Wong is a director and a member of the executive committee of Chinachem Group Holdings Limited (formerly Chime Corporation Limited), which is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is also a member of the executive committee of each of Diamond Leaf Limited, Parasia Limited and Solution Bridge Limited, which are all substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kin Wing CHEUNG, aged 69, has been an Independent Non-executive Director of the Company since June 2016. Mr. Cheung is the chair of the Audit Committee and the Nomination Committee, and a member of the Investment Committee and the Remuneration Committee of the Company.

Mr. Cheung has extensive experience in information technology, financial accounting, auditing and management. Since February 1999, He has been a director and lead consultant of Sunplex Consultants Limited, a company providing human resources management and information technology consultancy services to its clients (including government organisations and private companies). Mr. Cheung had held several positions, including assistant manager, manager and senior manager in Coopers & Lybrand (now known as PricewaterhouseCoopers) between September 1980 and March 1995 and was a partner of Coopers & Lybrand (now known as PricewaterhouseCoopers) from March 1995 until his resignation in May 1999. He was a director of the finance and operation department of the Hong Kong Institute of Certified Public Accountants between July 2004 and April 2008 and a consultant of the Hong Kong Institute of Certified Public Accountants between April 2008 and August 2008. Mr. Cheung is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of The Institute of Chartered Accountants in England and Wales. Mr. Cheung holds a Bachelor of Commerce degree from the University of Calgary, Canada.

Mr. Cheung is currently an independent non-executive director of BaWang International (Group) Holding Limited (stock code: 1338) and Kin Pang Holdings Limited (stock code: 1722), all being companies listed on the Main Board of the Stock Exchange. He is also a director of Self Strengthening Service Centre Limited, which is an NGO engaged in charitable activities to help the underprivileged.

Mr. Cheung was an independent non-executive director of Trio Industrial Electronics Group Limited (stock code: 1710), a company listed on the Main Board of the Stock Exchange from February 2017 to May 2022. He was also an independent director of AXA China Region Trustees Limited, a provider of investment and retirement solutions, from August 1999 to August 2015, and an independent non-executive director of Bank of Communications Trustee Limited, a trust company, from November 2003 to January 2018.

Ms. Imma Kit Sum LING, aged 69, has been an Independent Non-executive Director of the Company since January 2024. Ms. Ling is the chair of the Remuneration Committee, and a member of the Audit Committee, the Corporate Governance Committee and the Nomination Committee of the Company.

Ms. Ling is a Certified Public Accountant (Practising) and is a retired assurance partner of PricewaterhouseCoopers. She has extensive experience in accounting, auditing, due diligence and initial public offerings. Ms. Ling is a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants, a member of the Chartered Professional Accountants of Canada and a member of Chartered Institute of Management Accountants. She is also an accredited general mediator of the Hong Kong Mediation Accreditation Association Limited. Ms. Ling holds a Diploma in Accountancy from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) and a Master of Science in Corporate Governance and Directorship (Distinction) from the Hong Kong Baptist University.

Ms. Ling is currently an independent non-executive director of Arta TechFin Corporation Limited (stock code: 279), EVA Precision Industrial Holdings Limited (stock code: 838), Melbourne Enterprises Limited (stock code: 158) and Raymond Industrial Limited (stock code: 229), all being companies listed on the Main Board of the Stock Exchange. Ms. Ling currently holds the following key positions in public service: council member and treasurer of The Education University of Hong Kong, member of the Advisory Board of Hong Kong Institute of Information Technology of Vocational Training Council, executive committee member of Hong Kong Youth Hostels Association, council member of The Hong Kong Federation of Youth Groups, and independent manager of the incorporated management committee of Ng Yuk Secondary School, an aided school.

Ms. Ling was an independent non-executive director of Digital Hollywood Interactive Limited (stock code: 2022) from November 2017 to June 2021 and Wise Ally International Holdings Limited (stock code: 9918) from December 2019 to June 2023, all being companies listed on the Main Board of the Stock Exchange. In public service, Ms. Ling was a member of the Appeal Board Panel (Town Planning) from October 2016 to September 2022, a member of the Hospital Governing Committee of Rehabaid Centre, Kwong Wah Hospital and TWGHs Wong Tai Sin Hospital from April 2015 to March 2022, a board member of the Estate Agents Authority from November 2015 to October 2021, and a board member of the Employees Compensation Assistance Fund Board from July 2006 to June 2012.

Mr. Hin Fun Anthony TSANG, aged 63, has been an Independent Non-executive Director of the Company since January 2024. Mr. Tsang is the chair of the Corporate Governance Committee, and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.

Mr. Tsang is a Certified Public Accountant with extensive experience in auditing, accounting, risk management and corporate restructuring. He started his career in Coopers & Lybrand (now known as PricewaterhouseCoopers) and left after working there for nine years. Since then, he held various senior positions in different companies in Hong Kong, including five companies listed on the Stock Exchange. He is currently the general manager (corporate) of a private group engaged in production of timber products and the managing director of a consultancy firm advising on corporate and debt restructuring. Mr. Tsang holds a Master of Business Administration degree from the City Polytechnic of Hong Kong (now known as City University of Hong Kong) and is a fellow member of the Hong Kong Institute of Certified Public Accountants.

Mr. Tsang is currently an independent non-executive director of Goldwind Science & Technology Co., Ltd. (stock code: 2208), a company listed on the Main Board of the Stock Exchange. Mr. Tsang currently holds the following key positions in public service: board member of the Hospital Authority, chairman of its Audit and Risk Committee and member of its New Territories Regional Advisory Committee, member of the Hospital Governing Committee of Tuen Mun Hospital and chairman of its Finance and Capital Works Sub-committee, member of Audit Committee of Hong Kong Anti-Cancer Society, and member of the School Management Committee of Diocesan Preparatory School, an aided primary school.

Mr. Tsang was an independent non-executive director of I.T Limited (delisted from the Stock Exchange on 30 April 2021) from December 2019 to April 2021 and was an independent non-executive director of Crown International Corporation Limited (stock code: 727), a company listed on the Main Board of the Stock Exchange from November 2021 to March 2022. In public service, Mr. Tsang was a committee member of the Hospital Governing Committee of Tin Shui Wai Hospital from June 2016 to March 2021.

Notes:

1. Directors' emoluments are determined with reference to the Directors' Remuneration Policy, a summary of which is set out in the Corporate Governance Report on page 45. The details of the emoluments of the Directors on a named basis are disclosed in note 15 to the consolidated financial statements.

2. An Executive Director does not have any fixed term of service with the Company and is subject to retirement by rotation in accordance with the Company's Articles of Association.

3. All Non-executive Directors and Independent Non-executive Directors (except for those who were appointed after the annual general meeting of the Company held on 15 June 2023 (the "2023 AGM") and will retire in the forthcoming annual general meeting in accordance with the Company's Articles of Association) are appointed for a specific term of approximately two years commencing from the date of the annual general meeting at which they are re-elected and expiring at the annual general meeting to be held two years thereafter, and are subject to retirement by rotation in accordance with the Company's Articles of Association.

4. Save as disclosed above, none of the Directors (i) holds any other position with the Company or any of its subsidiaries; (ii) held a directorship in any other listed public companies in the past three years; and (iii) has any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

BIOGRAPHIES OF SENIOR MANAGEMENT

Mr. Hon Sum Ricky WONG, aged 44, joined the Group in September 2020. Mr. Wong is the Chief Financial Officer of the Company. Mr. Wong has extensive financial management experience at a senior level in both listed and unlisted companies in Hong Kong. Prior to joining the Company, he had held the Chief Financial Officer and other senior management roles in finance, and has extensive experience in international accounting firms in Hong Kong and Sydney, Australia. Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of Chartered Accountants Australia and New Zealand. Mr. Wong holds a Master of Commerce in Finance from The University of New South Wales and a Bachelor of Commerce degree in Accounting and Finance from The University of Sydney.

Ms. Pui Man CHENG, aged 51, joined the Group in September 1999. Ms. Cheng is the Company Secretary of the Company. Prior to her current role, Ms. Cheng was a financial controller of the Company until June 2001. Before joining the Group, Ms. Cheng worked in the audit and assurance department of an international accounting firm in Hong Kong. Ms. Cheng is a fellow member of the Hong Kong Institute of Certified Public Accountants, and a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. Cheng holds a Bachelor of Business Administration degree.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain good corporate governance standards and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance shareholders' value and safeguard the rights of shareholders and other stakeholders.

The Stock Exchange's Corporate Governance Code (the "CG Code") in Appendix 14 of the Listing Rules forms the basis of the Company's Corporate Governance Practice Manual (the "CG Practice Manual"). The Board recognises the principles underlying the CG Code and have incorporated all of them to the CG Practice Manual and other corporate governance policies of the Group.

In the opinion of the Directors, the Company has complied with all Code Provisions of the CG Code throughout the year ended 31 December 2023.

CORPORATE CULTURE

The Board believes that a healthy and clearly defined corporate culture underpins the sustainable development of the Group. The Board sets and promotes corporate culture that aligns with the Group's purpose, values and business strategies in the following key aspects:

(a) Integrity in business dealings and compliance with regulations;

(b) Accountability;

(c) High transparency and open communication throughout the Group;

(d) Value human capital with staff incentive scheme; and

(e) Corporate responsibility to the environment and community.

BOARD OF DIRECTORS

Board Composition

As of the date of this report, the Board comprised five Directors, including (i) one Executive Director, namely Mrs. Penny Soh Peng CROSBIE-WALSH (Chief Executive Officer); (ii) one Non-executive Director, namely Mr. Hung Han WONG (Non-executive Chairman); and three Independent Non-executive Directors ("INEDs"), namely Mr. Kin Wing CHEUNG, Ms. Imma Kit Sum LING and Mr. Hin Fun Anthony TSANG. The Directors' biographical details are set out in "Biographies of Directors" on pages 29 to 32 of this annual report and are also available on the Company Website. An up to date list of the Directors and their roles and functions is available on the Company Website and Hong Kong Exchanges and Clearing Limited's Website ("HKEx Website"). All Directors, including INEDs, are also identified as such in all corporate communications that disclose the names of Directors.

To the best knowledge of the Directors, there is no financial, business, family or other material relationship among the Directors. All of them are free to exercise their independent judgment.

The changes to the composition of the Board and Board Committees during the year and up to the date of this report are as follows:

8 December 2023	Mr. Ted Tak Tai LEE resigned as an Independent Non-executive Director and ceased to be a member of each of the Audit Committee, the Investment Committee and the Remuneration Committee of the Company ("Mr. Ted Lee's Resignation").
18 December 2023	Mr. David Charles PARKER resigned as a Non-executive Director and ceased to be a member of the Investment Committee of the Company.
31 December 2023	Ms. Sarah Young O'DONNELL resigned as an Independent Non-executive Director and ceased to be the chair of the Corporate Governance Committee, and a member of each of the Nomination Committee and the Remuneration Committee of the Company ("Ms. Sarah O'Donnell's Resignation").
2 January 2024	Mr. Kiu Sang Baldwin LEE resigned as an Independent Non-executive Director and ceased to be the chair of the Remuneration Committee, and a member of each of the Audit Committee, the Corporate Governance Committee and the Nomination Committee of the Company ("Mr. Baldwin Lee's Resignation").
19 January 2024	Ms. Imma Sum Kit LING was appointed as an Independent Non-executive Director, the chair of the Remuneration Committee, and a member of each of the Audit Committee, the Corporate Governance Committee and the Nomination Committee of the Company.
19 January 2024	Mr. Hin Fun Anthony TSANG was appointed as an Independent Non-executive Director, the chair of the Corporate Governance Committee, and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.
19 January 2024	Mr. Kin Wing CHEUNG was appointed as a member of the Remuneration Committee of the Company.
19 January 2024	Mrs. Penny Soh Peng CROSBIE-WALSH stepped down as a member of the Remuneration Committee of the Company.

Each of Ms. Imma Kit Sum LING and Mr. Hin Fun Anthony TSANG has confirmed that she/he (i) obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 16 January 2024; and (ii) understood her/his obligations as a director of a listed issuer under the Listing Rules.

Non-compliance with the Listing Rules and terms of reference of Board committees

Following Mr. Ted Lee's Resignation, Ms. Sarah O'Donnell's Resignation and Mr. Baldwin Lee's Resignation, the Company did not meet the following requirements of the Listing Rules and terms of reference of Board committees of the Company at different times:

(i) the requirement under Rule 3.10(1) of the Listing Rules, which stipulates the board of directors of a listed issuer shall include at least three independent non-executive directors;

(ii) the requirements under Rule 3.21 of the Listing Rules, which stipulate that the audit committee shall comprise a minimum of three members and the majority of the audit committee members shall be independent non-executive directors of a listed issuer;

(iii) the requirements under Rule 3.25 of the Listing Rules, which stipulate that the remuneration committee shall be chaired by an independent non-executive director and comprise a majority of independent non-executive directors;

(iv) the requirement under article 1 of the terms of reference of the Audit Committee, which stipulates that the Audit Committee shall consist of not less than three members and the majority of the Audit Committee members shall be independent non-executive directors;

(v) the requirement under article 1 of the terms of reference of the Nomination Committee, which stipulates that the Nomination Committee shall consist of not less than three members;

(vi) the requirements under articles 1 and 2 of the terms of reference of the Remuneration Committee, which stipulate that the Remuneration Committee shall consist of not less than three members and the majority of the Remuneration Committee members shall be independent non-executive directors, and the chair shall be an independent non-executive director; and

(vii) the requirement under article 1 of the terms of reference of the Corporate Governance Committee, which stipulates that the Corporate Governance Committee shall consist of not less than three members.

Upon the appointments of Ms. Imma Kit Sum LING and Mr. Hin Fun Anthony TSANG to the Board and certain Board committees on 19 January 2024, the Company has then fully complied with the requirements under Rules 3.10(1), 3.21 and 3.25 of the Listing Rules, article 1 of the terms of reference of the Audit Committee, the Corporate Governance Committee and the Nomination Committee, and articles 1 and 2 of the terms of reference of the Remuneration Committee.

Board Independence

The Company acknowledges that the independence of the Board is crucial to good corporate governance. To ensure independent views and input are available to the Board, the Company has put in place the following mechanisms in its corporate governance framework:

(a) Composition of the Board and Board Committees

The number of INEDs represents at least one-third of the Board as required by Rule 3.10A of the Listing Rules. In addition, as required by Rule 3.10(2) of the Listing Rules, at least one of the INEDs has appropriate professional qualifications, or accounting or related financial management expertise.

Save as disclosed in the section above headed "Non-compliance with the Listing Rules and terms of reference of Board committees", during the year ended 31 December 2023, the Board comprises three INEDs, and all the Board Committees complied with the requirements prescribed by the Listing Rules as to the composition of each Board Committee.

A minimum of one INED has been appointed to all the Board Committees to ensure independent views are available.

(b) Independence Assessment

The Nomination Committee must strictly adhere to the Nomination Policy and the independence assessment criteria as set out in the Listing Rules with regard to the nomination, appointment and re-appointment of INEDs.

Each INED is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence.

All INEDs met the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules (the "Independence Guidelines") during the year ended 31 December 2023. The Company has received from each of the INEDs an initial/annual confirmation of independence and still considers them to be independent.

(c) Compensation

No equity-based remuneration (e.g. share options or grants) with performance related elements is granted to INEDs as this may lead to bias in their decision making and compromise their objectivity and independence.

(d) Board Decision Making

INEDs (similar to other Directors) are entitled to seek further information and documentation from Management on the matters to be discussed at Board meetings. They can also seek independent professional advice, in accordance with the stated procedures set out in the CG Practice Manual, at the Company's expense.

INEDs (as with other Directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.

The Chairman of the Board shall hold meetings with the INEDs without the presence of other Directors to discuss any major issues or concerns at least annually.

The Board has reviewed the implementation and effectiveness of the above mechanisms and considered them to have been effectively implemented throughout the year ended 31 December 2023.

Role of the Board

The Board is accountable to the Shareholders for leading the Group in a responsible and effective manner. Directors are responsible to the Shareholders for the manner in which the affairs of the Company are managed, controlled and operated and for promoting the success of the Company by directing and supervising its affairs. The Board has adopted its terms of reference which set out the duties, powers and functions of the Board. The primary responsibilities of the Board are as follows:

- To manage the business of the Group;
- To lead and provide direction to Management by laying down strategies and overseeing their implementation;
- To oversee all matters relating to, and to formulate policies in relation to the Group's internal control, risk management, corporate governance and social responsibility, investment management, the succession, remuneration and compensation for Directors and employees, and to supervise the implementation of such policies;
- To monitor the Group's operational and financial performance;
- To review and approve the annual report and accounts of the Group; and
- To ensure sufficient communication with stakeholders, including shareholders and employees.

Non-executive Chairman and Chief Executive Officer

The Non-executive Chairman and the Chief Executive Officer positions are currently held by Mr. Hung Han WONG, a Non-executive Director and Mrs. Penny Soh Peng CROSBIE-WALSH, an Executive Director respectively.

The Non-executive Chairman is responsible for leading the Board, drawing up and approving Board meeting agenda, making sure that matters proposed by all Directors are taken into account for inclusion, facilitating effective contributions from and dialogue with all Directors and promoting constructive relations between them, ensuring that all Directors are properly briefed on issues arising at Board meeting and that they receive accurate, timely and clear information, and ensuring that good corporate governance practices and procedures are established. The Chief Executive Officer is responsible for leading Management in the day-to-day operation and management of the Group's business, managing the Company's relationships with its stakeholders, proposing, developing and implementing the Group's strategies and policies in pursuit of its objectives set by the Board, and putting in place programmes for management development and succession. Division of responsibilities between the Non-executive Chairman and the Chief Executive Officer is clearly defined in the Company's CG Practice Manual.

Appointments, Re-election and Removal of Directors

All Directors have received a formal letter of appointment setting out the key terms of their appointment. In accordance with Article 94 of the Company's Articles of Association, any Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election. In accordance with Article 103 of the Company's Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, or such higher number of Directors to be determined by the Board, shall retire from office by rotation but shall be eligible for re-election, provided that every Director shall be subject to retirement at least once every three years. The Directors (including those appointed for a special term) to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

All Non-executive Director and INEDs (except for Ms. Imma Kit Sum LING and Mr. Hin Fun Anthony TSANG) are appointed for a specific term of approximately two years commencing from the date of the annual general meeting at which they are re-elected and expiring at the annual general meeting to be held two years thereafter, and are subject to retirement by rotation in accordance with the Company's Articles of Association.

Ms. Imma Kit Sum LING and Mr. Hin Fun Anthony TSANG were appointed as Independent Non-executive Directors after the 2023 AGM and will retire in the forthcoming annual general meeting in accordance with the Company's Articles of Association.

Diversity and Succession Planning

Board Diversity

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board has adopted a Board Diversity Policy that sets out the approach to achieving diversity in its composition. In deciding the members of the Board, consideration is given to a number of measurable objectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experiences, skills, knowledge and the length of service with the Company. The Nomination Committee also considers that the ability to achieve the Company's corporate strategy should serve as a measurable objective for determining the desired level of board diversity.

All Board appointments are based on merit against the objective criteria and contribution that the candidate will bring to the Board, having due regard to the benefits of diversity on the Board and also taking into account the corporate strategy and business operations of the Company. The Nomination Committee reviews the implementation of the Board Diversity Policy annually to ensure its effectiveness.

The following chart shows the profile of the Board as at the date of this Corporate Governance Report:

Designation	ED	NED	INED
	1 Director	1 Director	3 Directors
Gender	Female	Male	
	2 Directors	3 Directors	
Age Group	51 – 60	61 – 70	
	2 Directors	3 Directors	
Ethnicity	Chinese		
	5 Directors		
Directorship with the Company	<6 years	6 - 9 years	
	4 Directors	1 Directors	
Directorship(s) with other listed company	0	1 – 4	
	2 Directors	3 Directors	

Remarks:
ED – Executive Director
NED – Non-executive Director
INED – Independent Non-executive Director

The Board has a balanced mix of skills, knowledge and experience, including management, finance, accounting, auditing, information technology, risk management, corporate restructuring, retailing, investment and real estate. The Nomination Committee formed the view that the current Board composition has provided the Company with a good balance and diversity in gender, skills and experience that are appropriate to manage the Group's business operations and for its future development.

Gender Diversity of the Board

The Board currently has 40% of female members (two out of five Directors). The Board believes that gender diversity in the Board would introduce viewpoints from different but complementary perspectives of the two genders. The Board further believes that gender diversity will promote effective decision making and enhance corporate governance, and to achieve this, the Board aims to maintain the level of female representation on the Board of "at least two female Directors" or "not less than 25% of female Directors", whichever is the lower.

The Company will try to recruit gender diverse management staff so that it may be able to have a pipeline of female senior management staff as potential successors to the Board in the future.

Gender Diversity of Workforce

As at 31 December 2023, the gender ratio of the Group's total workforce (including Senior Management) was 66% female and 34% male. As the main business of the Group is fashion retail, it is an industry segment that traditionally has a bigger size of female workforce, hence it is challenging for the Company to achieve a more balanced gender ratio. Notwithstanding that, the Group has strived to keep a workable balance between male and female employee numbers.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry of all Directors was conducted and based on the confirmation received, all Directors complied with the required standards set out in the Model Code during the year.

Directors' Induction and Continuing Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Group's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. All corporate policies would also be provided to new Directors by the Company Secretary.

Directors participate in continuous training and development activities that keep them up to date on developments in all areas pertaining to the business of the Group and the performance of their duties as Directors. The Company Secretary from time to time provides Directors with updates on the latest development and changes in the Listing Rules, anti-bribery and corruption reading materials and other relevant legal and regulatory requirements to keep them abreast of the relevant rules and regulations affecting the Group's businesses.

The Directors provide the Company with their training records annually and such records are maintained by the Company Secretary. The training records of Directors for the year ended 31 December 2023 are reflected on page 46.

Board Meetings

The Board held four regular meetings and twelve non-regular meetings during the year ended 31 December 2023.

A schedule of the dates for regular Board meetings in each financial year is provided to Directors at the end of the preceding year and any amendments to the schedule are notified to Directors at least 14 days before the meetings. All Directors are invited to include matters that they would like to discuss in the agenda. For regular Board meetings, the agenda and accompanying papers are circulated to all Directors at least three calendar days in advance of the meetings. The Directors can attend Board meetings in person, by phone or through other means of electronic communication in accordance with the Company's Articles of Association. The Directors may approve matters by way of passing written resolutions. Additional Board meetings may be convened, where necessary.

Matters discussed and decisions resolved by the Board are recorded in minutes of the Board meeting and Directors' written resolutions. The minutes would be sent to all Directors within a reasonable timeframe after each meeting for comments and agreement. The minutes and written resolutions would be made available for inspection any time by the Directors.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, such a matter should be dealt with in a physical Board meeting, as opposed to being dealt with by a written resolution. INEDs with no conflict of interest will be present at Board meetings that deal with conflict issues.

The Company has an appropriate and relevant Directors' and Officers' liability insurance in place.

DELEGATION BY THE BOARD

Management

Management, under the leadership of the Chief Executive Officer, is responsible for the day-to-day running of the Group's operations and implementation of the strategies and policies as the Board may from time to time determine, except for the matters stated in the Statement of Matters Reserved for the Board as set out in the Company's CG Practice Manual which would require the approval of the Board.

Where the Board delegates aspects of its management and administrative functions to management, it gives clear directions as to the powers granted to management and periodically reviews the delegations to management to ensure that they are still appropriate and continue to be beneficial to the Group as a whole.

Board Committees

The Board has established five Board Committees to oversee various aspects of the Group's affairs: the Audit Committee, the Corporate Governance Committee, the Investment Committee, the Nomination Committee and the Remuneration Committee. The Board Committees are governed by their respective terms of reference which clearly define their authorities and duties, and are provided with sufficient resources to discharge their duties. The Chairs of the Board Committees report regularly to the Board on their work, decisions and recommendations. The terms of reference of the Audit Committee, the Nomination Committee and the Remuneration Committee are available on the Company Website and HKEx Website.

The membership of each Board Committee as at the date of this Corporate Governance Report is shown below:

Name of Directors	Audit Committee	Corporate Governance Committee	Investment Committee	Nomination Committee	Remuneration Committee
Executive Director					
Mrs. Penny Soh Peng CROSBIE-WALSH		Member	Chair		
Non-executive Director					
Mr. Hung Han WONG	Member		Member		Member
Independent Non-executive Directors					
Mr. Kin Wing CHEUNG	Chair		Member	Chair	Member
Ms. Imma Kit Sum LING	Member	Member		Member	Chair
Mr. Hin Fun Anthony TSANG	Member	Chair		Member	Member

Audit Committee

The Audit Committee is responsible for (i) monitoring and reviewing the effectiveness of the Group's financial reporting system, risk management and internal control systems; (ii) reviewing the Group's financial information; (iii) overseeing the relationship with the external auditor of the Company; and (iv) monitoring and reviewing the effectiveness of the whistleblowing policy and system.

During the year, the Audit Committee held three meetings and passed two written resolutions. Below is a summary of the work it carried out up to 31 December 2023:

- Reviewed the 2022 Annual Report and the annual results announcement, and the 2023 Interim Report and the interim results announcement;
- Reviewed the approach and methodology applied with respect to the key audit matters included in the year end auditor's report;
- Reviewed and approved the external auditors' audit services and fees for 2023;
- Reviewed and approved the external auditors' non-assurance services for 2023;
- Recommended the re-appointment of RSM Hong Kong as the external auditor of the Company at the annual general meeting;
- Reviewed the adequacy and effectiveness of the risk management and internal control systems;
- Reviewed the Group's internal control handbook;
- Reviewed the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions, and environmental, social and governance ("ESG") performance and reporting function;
- Reviewed the Group's Risk Register and discussed the enhancements;
- Reviewed and monitored the external auditor's independence and engagement to provide non-audit services;
- Reviewed the effectiveness of the Group's internal audit functions;
- Reviewed and approved the internal audit plans for 2023 and 2024;
- Reviewed periodic reports from the Internal Audit Department and the progress in resolving matters identified in the reports; and
- Monitored the operation of the whistleblowing policy, and reviewed reported whistleblowing cases and investigation reports.

None of the members of the Audit Committee is a former or existing partner of the Group's external auditor. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

Corporate Governance Committee

The Corporate Governance Committee is responsible for (i) formulating, reviewing and making recommendations on the Company's policies and practices of corporate governance; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) reviewing and monitoring the Code of Conduct of the Group; and (v) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

During the year, the Corporate Governance Committee held one meeting and below is a summary of the work it carried out up to 31 December 2023:

- Reviewed the Company's compliance with the CG Code;
- Reviewed the 2022 Corporate Governance Report; and
- Reviewed the continuous professional development of Directors and senior management.

Investment Committee

The Investment Committee is responsible for (i) formulating and reviewing the investment strategies, policies and guidelines; (ii) reviewing and approving investment; and (iii) presenting to and advising the Board on material investment for the Group.

During the year, the Investment Committee held four meetings and passed two written resolutions and below is a summary of the work it carried out up to 31 December 2023:

- Obtained advice from independent professional consultant and reviewed the investment markets and performance of fund managers;
- Reviewed and updated (as required) the Investment Policies and Guidelines;
- Reviewed and formulated the investment strategies and asset allocation parameters in response to the changes in the conditions of financial markets and the advice from independent professional consultant;
- Reviewed investment opportunities in accordance with the formulated investment strategies and asset allocation parameters; and
- Reviewed the investment portfolio and its performance regularly.

Nomination Committee

The Nomination Committee is responsible for (i) reviewing the structure, size and composition of the Board; (ii) assessing the suitability and qualification of any proposed director candidate; (iii) assessing the independence of the INEDs; (iv) making recommendation to the Board on the appointment or re-appointment of Directors and succession planning for Directors; (v) reviewing the implementation and effectiveness of the Board Diversity Policy; and (vi) reviewing the Nomination Policy.

The Nomination Committee, in its process of recommending new Director appointment, is guided by the Nomination Policy, which sets out the selection and nomination process as well as criteria for selection of directors. Under the Nomination Policy, the Nomination Committee will evaluate potential candidate on his/her cultural and educational background, ethnicity, professional experiences and skills with due regard to the benefits of diversity as set out in the Board Diversity Policy. The Nomination Committee will also consider the independence of a candidate with reference to the Independence Guidelines in the case of the appointment of an Independent Non-executive Director.

During the year, the Nomination Committee held one meeting and below is a summary of the work it carried out up to 31 December 2023:

- Reviewed the structure, size, gender diversity and composition of the Board;
- Assessed and reviewed the independence of INEDs;
- Recommended the re-election of retiring Directors at the annual general meeting;
- Reviewed the implementation and effectiveness of the Board Diversity Policy; and
- Reviewed the disclosure of Board Diversity in the Corporate Governance Report.

As disclosed in the section above headed “Non-compliance with the Listing Rules and terms of reference of Board committees”, the Nomination Committee had only one member during the period from 2 January 2024 to 18 January 2024, hence there was insufficient quorum to hold a committee meeting to consider and make recommendation on the appointment of new Directors. Therefore the Board had, after reviewing the suitability according to the assessment criteria as set out in the Nomination Policy of the Company and with due regard of the benefits of diversity as set out in the Board Diversity Policy of the Company, approved the appointment of Ms. Imma Kit Sum LING and Mr. Hin Fun Anthony TSANG as INEDs with effect from 19 January 2024.

Remuneration Committee

The Remuneration Committee is responsible for (i) formulating remuneration policies; (ii) determining remuneration packages of individual Executive Directors and senior management; (iii) making recommendations to the Board on the Directors fee structure; (iv) reviewing and approving compensation-related issues; and (v) reviewing and/or approving matters relating share schemes.

During the year, the Remuneration Committee held two meetings and below is a summary of the work it carried out up to 31 December 2023:

- Approved the remuneration packages of the Executive Director and Senior Management;
- Approved the Group’s 2023 annual salary increment percentage;
- Reviewed the discretionary bonus proposals and approved the payment of one bonus;
- Recommended an increase to the fee for Directors, the Non-executive Chairman, and the Board Committees chairs and members;
- Reviewed the amendments to its terms of reference; and
- Reviewed the Directors’ Remuneration Policy.

During the year ended 31 December 2023, there was no appointment of new director, hence there was no service contract for new director that require the approval of the Remuneration Committee.

Independent Board Committee

Reference is made to the joint announcement dated 2 June 2023 (the "Joint Announcement") issued by the Company and Solution Bridge Limited (the "Offeror") in relation to, among other things, (i) proposal (the "Privatisation Proposal") for the privatisation of the Company by the Offeror by way of a scheme of arrangement (the "Scheme") under section 673 of the Companies Ordinance, and (ii) proposed withdrawal of listing of the Company.

On 2 June 2023, the Independent Board Committee (the "IBC") was established by the Board as required by The Codes on Takeovers and Mergers and Share Buy-backs to make a recommendation to the Scheme Shareholders as to whether the Privatisation Proposal is, or is not, fair and reasonable, and as to voting in respect of the Scheme at the Court Meeting and the Privatisation Proposal at the Extraordinary General Meeting. The members of the IBC were Mr. Kin Wing CHEUNG, Mr. Kiu Sang Baldwin LEE, Mr. Ted Tak Tai LEE, Mr. David Charles PARKER and Ms. Sarah Young O'DONNELL.

The IBC held seven meetings and passed two written resolutions. The IBC considered and approved the appointment of the independent financial adviser for providing a recommendation to the IBC in respect of the Privatisation Proposal. The IBC also made a recommendation to the Scheme Shareholders in respect of the Privatisation Proposal. All members of the IBC had properly discharged their duties and responsibilities. The Privatisation Proposal was not approved by the Scheme Shareholders at the Court Meeting held on 26 September 2023 and was subsequently lapsed.

Directors' Remuneration Policy

The Board has adopted a Directors' Remuneration Policy that aims to attract, retain and motivate qualified industry professionals and high caliber talent to be the Company's Directors. The policy provides guidelines to set Directors' remuneration in a fair and transparent manner.

Remuneration package of Executive Directors shall be determined by the Remuneration Committee and is reviewed annually. Remuneration package of Executive Directors, comprised various components (including benefits and provident fund), are benchmarked against companies of comparable businesses, similar scale and complexity. It is also based on the individual's qualification, seniority, and experience in the role. Executive Directors are also remunerated with Director's fee which is reviewed periodically.

Remuneration of Non-executive Directors shall be approved by the Board with the authorisation granted by the Company's shareholders at its an annual general meeting based on recommendation by the Remuneration Committee. Non-executive Directors are remunerated with respect to their duties and responsibilities. No equity-based remuneration with performance-related elements is granted to Independent Non-executive Directors.

2023 BOARD AND COMMITTEE ATTENDANCE AND TRAINING RECORDS

	Meetings attended/eligible to attend in 2023[1]									
	Board	Audit Committee	Corporate Governance Committee	Investment Committee	Nomination Committee	Remuneration Committee	Annual General Meeting	Court Meeting	Extraordinary General Meeting	Training & Development Programme[2]
No of meetings held in 2023	16	3	1	4	1	2	1	1	1	
Executive Director										
Mrs. Penny Soh Peng CROSBIE-WALSH	16/16		1/1	4/4		2/2	1/1	1/1	1/1	✓
Non-executive Directors										
Mr. Hung Han WONG[3]	14/16	3/3		4/4		2/2	1/1	0/1	1/1	✓
Mr. David Charles PARKER[4]	16/16			4/4			1/1	1/1	1/1	✓
Independent Non-executive Directors										
Mr. Kin Wing CHEUNG	16/16	3/3		4/4	1/1		1/1	1/1	1/1	✓
Mr. Kiu Sang Baldwin LEE	16/16	3/3	1/1		1/1	2/2	1/1	1/1	1/1	✓
Mr. Ted Tak Tai LEE[5]	16/16	3/3		4/4		2/2	1/1	1/1	1/1	✓
Ms. Sarah Young O'DONNELL[6]	16/16		1/1		1/1	2/2	1/1	1/1	1/1	✓

Notes:

(1) Directors may attend meetings in person, by phone or through other means of electronic communication in accordance with the Company's Articles of Association.

(2) Directors who undertook training and development through attending seminars/conferences and webinars which are relevant to the business or directors duties, and reading regulatory/corporate governance and industry related updates. Topics included anti-bribery and corruption, corporate governance, sustainability, regulatory compliance and directors duties.

(3) Mr. Hung Han WONG did not attend two Board Meetings and the Court Meeting due to a conflict of interests.

(4) Mr. David Charles PARKER resigned as a Non-executive Director with effect from 18 December 2023.

(5) Mr. Ted Tak Tai LEE resigned as an Independent Non-executive Director with effect from 8 December 2023.

(6) Ms. Sarah Young O'DONNELL resigned as an Independent Non-executive Director with effect from 31 December 2023.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for presenting a balanced, clear and comprehensive, assessment of the Group's performance, position and prospects in all corporate communications. Management provides the Board with monthly updates, with a view to giving it a balanced and understandable assessment of the Group's performance, financial position and prospects to enable the Board as a whole and each Director to discharge their duties.

The Directors are responsible for the preparation of the Group's consolidated financial statements which give a true and fair view of the Group's state of affairs, results and cash flows for the year. In preparing the consolidated financial statements, the Directors have selected suitable accounting policies and applied them consistently; made prudent, fair and reasonable judgments and estimates; and prepared the consolidated financial statements on a going concern basis.

The statement of the auditor of the Company about its responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 77 to 82.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Risk Management and Internal Control

Responsibility

The Board has the overall responsibility to ensure that sound and effective risk management and internal control systems are maintained. Management is responsible for designing, implementing and monitoring the risk management and internal control systems to manage risks. Sound and effective risk management and internal control systems are designed to identify and manage the risk of failure to achieve business objectives. Such systems are designed to provide reasonable, but not absolute, assurance against misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems.

Risk Management Framework

Risk management is enhanced continually, linking to our corporate strategies and as a continuous part of day-to-day business operations for all key decision making processes and core business activities. Major activities of the risk management process include risk assessment, which constitutes the sub-processes of risk identification, risk analysis and risk evaluation. There also involves risk assessment documentation, methodologies, risk treatment, monitoring, and review for ensuring the overall effectiveness of risk management. Fraud risk management through code of conduct and whistleblowing policies is adopted to uphold honesty, integrity, and fair play as our core values of the Group at all times.

The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness. The Audit Committee supports the Board in monitoring the Group's risk exposures, and the design and operating effectiveness of the underlying risk management and internal control systems. The Audit Committee, acting on behalf of the Board, oversees the following processes:

(i) Regular reviews of the principal business risks, and control measures to mitigate, reduce or transfer such risks; the strengths and weaknesses of the overall internal control system and action plans to address the weaknesses or to improve the assessment process;

(ii) Regular reviews of the business process and operations reported by the Internal Audit Department, including action plans to address the identified control weaknesses and status update and monitor in implementing its recommendations; and

(iii) Regular reports by the external auditors, if any, of any control issues identified in the course of their work and the discussion with the external auditors of the scope of their respective review and findings.

The Audit Committee will then report to the Board after due review as to the effectiveness of the Group's risk management and internal control systems. The Board considers the works and findings of the Audit Committee in forming its own view on the effectiveness of these systems.

Internal Control System

The Group's internal control system aims to safeguard assets from inappropriate use, maintain proper accounts and ensure compliance with regulations. The Group's internal control system includes a well-established organisational structure with clearly defined lines of responsibility and authority. Policies and procedures are laid down for its key business processes and business units covering business operations, financial reporting, human resources, and computer information systems.

The Group has developed a Code of Conduct for Its employees. All employees are required to strictly follow the Group's Code of Conduct to prevent potential bribery, extortion, fraud, and money laundering which may exploit their positions against the Group's interests in the course of business. Employees are required to submit an annual declaration with respect to compliance with the Code of Conduct. The Group has also adopted a Code of Conduct for External Parties, which aims to strengthen the Group's high level of integrity and also prevent any potential bribery situations between suppliers and its employees. The Code of Conduct for External Parties is published on the Company Website.

The Group has developed whistleblowing policies for employees and external parties respectively, which aim to provide reporting channels and guidance on reporting possible improprieties in financial reporting, internal control or other matters related to the Group, and reassurance to whistleblowers of the protection that the Company will extend to them against unfair dismissal or victimisation for any genuine reports made under these whistleblowing policies. The Whistleblowing Policy for External Parties is published on the Company Website.

COSO Internal Controls

The Group's internal control model is based on that set down by the Committee of Sponsoring Organisations of the U.S. Treadway Commission ("COSO") for internal controls, and has five components, namely Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In developing the Group's internal control model based on the COSO principles, management has taken into consideration the Group's organisational structure and the nature of its business activities.

(i) Control Environment

The Board has demonstrated a commitment to integrity and ethical values. It works with independence from management and exercises oversight of the development and performance of internal control. Management establishes the structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives. The Board is committed to attracting, developing, and retaining competent individuals in alignment with objectives. It holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

(ii) Risk Assessment

The risk assessment specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives. It identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed. It also considers the potential for fraud in assessing risks to the achievement of objectives by identifying and assessing changes that could significantly impact the system of internal control.

(iii) Control Activities

Management selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. It also develops general control activities over technology to support the achievement of objectives. Control activities through policies and procedures are established to put into practice.

(iv) Information and Communication

Management obtains, generates, and uses relevant, quality information to support the functioning of internal control. There is internal communication of objectives and responsibilities necessary to support the functioning of internal control. External communication regarding matters affecting the functioning of internal control is made where necessary.

(v) Monitoring

Management has ongoing evaluations to ascertain whether the components of internal control are present and functioning. It evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Board, as appropriate.

Internal Audit Department

The Group's Internal Audit Department ("IA Department") assists the Board, the Audit Committee and Management to protect the assets, reputation and sustainability of the Group and its stakeholders through independently reviewing the adequacy and effectiveness of the Group's governance, risk management and internal control systems. The IA Department is an independent and objective function that reports directly to the Audit Committee, it has full, free and unrestricted access to all activities, information, records, properties and personnel of the Group as stipulated in the Internal Audit Charter. The Head of Internal Audit maintains regular communication with and has direct access to the Chair of the Audit Committee for discussion on internal audit matters as and when required.

IA Department adopts a risk-based approach in formulating the audit plan. The Audit Committee reviews and approves the annual audit plan and all major subsequent changes made in the regular meetings. Audit assignments covering the entire business cycle of the Group are designed and prioritised based on the results of the risk assessment.

During the year, IA Department executed the internal audit assignments according to the approved annual internal audit plan. These assignments included but not limited to:

(i) Conducting independent and regular audits which cover financial, operational and compliance controls in accordance with the internal audit plan;

(ii) Reviewing the systems of internal control and risk management of the Group and proposing enhancements to these systems for consideration by the Audit Committee and/or the senior management and/or the individual department concerned;

(iii) Conducting special reviews and investigations of areas of concern identified by the Board, the Audit Committee and management; and

(iv) Overseeing the Whistleblowing mechanism and conducting special investigations as and when appropriate.

All audit findings and recommendations on internal control deficiencies, if any, are reported by the IA Department to the Audit Committee and Management on a regular basis. Post-audit follow-up reviews are performed to ensure that relevant corrective measures on the previously identified internal control deficiencies have been properly implemented as intended and on a timely basis. The significant audit findings and the status of corresponding corrective measures taken by Management will be brought to the attention of the Audit Committee.

Review of the Effectiveness of Risk Management and Internal Controls

During the year, on behalf of the Board, the Audit Committee conducted an annual review of the effectiveness of risk management and internal control systems that covered all material controls, including financial, operational, environmental, social and compliance controls and considered:

(i) Areas of risks identified by Management;

(ii) Adequacy of the resources, qualification and experience of staff, training programmes and budget of the Group' s accounting, internal audit, financial reporting function, and ESG performance and reporting function; and

(iii) Enhancement to the risk management and internal control systems identified as being necessary or proposed by the IA Department.

The Audit Committee concluded that the Group's risk management and internal control systems remained effective and adequate.

The Chief Executive Officer of the Company also provided a confirmation to the Board on the effectiveness of the risk management and internal control systems in November 2023 after receiving the confirmations on the effectiveness of these systems provided by the Chief Financial Officer and individual managers across the Group as well as Internal Audit Department.

As a result of the above, the Board whilst keeping it under review, in light of experience, also considered the Group's risk management and internal control systems remained effective and adequate.

Inside Information

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

(i) is required to disclose inside information as soon as reasonably practicable in accordance with the SFO and the Listing Rules;

(ii) conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission;

(iii) upon receipt of a statutory or other demands or a threat for legal proceedings, takes the situation seriously and if necessary, seeks legal advice in relation to any disclosure obligations;

(iv) has included in employment contracts (or an addendum to the employment contract) a strict prohibition on the unauthorised use of confidential information; and

(v) has established and implemented the Policy on Disclosure and Handling of Inside Information.

External Auditor

The Audit Committee monitors the audit and non-audit services rendered to the Group by the external auditor and ensures that the engagement of the external auditor in non-audit services will not impair its audit independence or objectivity. The Company has adopted the policy on the engagement of external auditor to supply non-audit services, which set out: (i) the classification of services as permitted audit-related or non-audit services and prohibited non-audit services; and (ii) the approval process for non-audit services.

The remuneration in respect of audit and non-audit services provided to the Group by the Company's auditor, RSM Hong Kong and other RSM network firms for the year ended 31 December 2023 was:

	HK$'000
Audit services (disclosed in note 13 to the consolidated financial statements)	1,135
Non-audit services:	
Other assurance services	288
Non-assurance services	214
	1,637

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Shareholders Communication Policy (“SCP”), which is available on the Company Website, sets out the provisions with the aim to provide the Shareholders and the investment community with ready, equal and timely access to balanced and understandable information about the Company, in order to enable them to make informed assessments of the Company, and to allow the Shareholders and the investment community to engage with the Company.

Information is communicated to the Shareholders and the investment community through (i) disclosures submitted to the Stock Exchange; (ii) the Company Website; (iii) Corporate Communications (as defined in the Listing Rules, including, but not limited to, annual and interim reports, announcements, circulars, notices of general meeting); and (iv) general meetings of the Company.

In accordance with the SCP:

(i) Shareholders’ Enquiries

Shareholders shall direct questions about their shareholdings to the Company’s Registrar. The contact details of the Company’s Registrar are:

Computershare Hong Kong Investor Services Limited
Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong
Tel: (852) 2862 8628

Shareholders and the investment community may at any time make a request for the Company’s information to the extent that such information is publicly available.

Shareholders and the investment community who have any other query in respect of the Company are most welcome to contact the Company Secretary whose contact details are:

Company Secretary
ENM Holdings Limited
Suites 3301-3302, 33rd Floor, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong
Email: comsec@enmholdings.com
Fax: (852) 2827 1491

(ii) Corporate Communications

Corporate Communications are made out to the Shareholders in plain language and in both English and Chinese to facilitate Shareholders’ understanding. Shareholders are encouraged to access the Corporate Communications electronically via the Company Website to be more environmental. Shareholders have the right to choose their preferred language of communication (either English and/or Chinese) or the means of receipt (electronic or paper format).

(iii) Company Website

The Company Website provides a wide range of information about the Company and its operations and contains all Corporate Communications. The Company Website is reviewed and updated on a regular basis. Information released by the Company to the Stock Exchange is also posted on the Company Website immediately thereafter.

(iv) General Meetings

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote for and on their behalf at meetings if they are unable to attend personally. Appropriate arrangements for the general meetings shall be in place to encourage Shareholders' participation. The Chair of the meeting shall allow relevant questions to be asked at the meetings. Board members, in particular the chairs of Board Committees or their delegates, appropriate management executives and external auditors shall attend general meetings to answer Shareholders' questions.

(v) Investment Community Communications

To facilitate communication with the Shareholders and the investment community, the Company may arrange investor/analyst briefing, one-on-one meeting, roadshow, media interview and marketing events from time to time. Directors and employees of the Company who have contacts or dialogues with investors, analysts, media or other interested outside parties are required to comply with the disclosure obligations and requirements under the Company's Policy on Disclosure and Handling of Inside Information.

To ensure that disclosures and communications are consistent and authorised, only the following designated Directors and employees of the Company are authorised to discuss the Company's corporate matters with Shareholders, investors, analysts, the media or other members of the public:

(a) The Chairman of the Board;

(b) Chief Executive Officer; and

(c) Chief Financial Officer.

(vi) Shareholders' Privacy

The Company recognises the importance of Shareholders' privacy and shall not disclose Shareholders' information without their consent, unless required by law to do so.

The Company gives sufficient notice of general meetings to the Shareholders. To facilitate enforcement of shareholders' rights, separate resolutions are proposed at general meetings on each substantially separate issue. All resolutions put to vote at general meetings are taken by poll. Procedures regarding the conduct of the poll are explained to shareholders at each general meeting, and questions from shareholders regarding the voting procedures are answered.

The Board has reviewed the implementation and effectiveness of the SCP and considered it to have been effectively implemented during the year ended 31 December 2023.

SHAREHOLDERS' RIGHTS

Calling of General Meeting by Shareholders

Under the Companies Ordinance, registered shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings may request to call a general meeting of the Company. The request (a) must state the general nature of the business to be dealt with at the meeting, (b) must be signed by the shareholder(s) who requested the general meeting, and (c) must be deposited at the registered office of the Company (the "Registered Office") at Suites 3301-3302, 33rd Floor, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong for the attention of the Company Secretary. If the resolution is to be proposed as a special resolution, the request should include the text of the resolution and specify the intention to propose the resolution as a special resolution. The request may consist of several documents in like form, each signed by one or more shareholder(s) who requested the general meeting.

Procedures for Putting Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board through the Company Secretary by mail to the Registered Office or by email to comsec@enmholdings.com or by fax at (852) 2827 1491.

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committee of the Company, where appropriate, to response.

Procedures for Putting Forward Proposals at General Meetings by Shareholders

Circulation of shareholders' statement

Under the Companies Ordinance, registered shareholder(s) of the Company representing at least 2.5% of the total voting rights of all the shareholders who have a relevant right to vote, or at least 50 shareholders who have a relevant right to vote may request the Company to circulate to shareholders of the Company entitled to receive notice of a general meeting a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution or other business to be dealt with at that meeting. The request (a) must be signed by the shareholder(s) who requested the circulation of the statement, (b) must be deposited at the Registered Office for the attention of the Company Secretary, (c) must identify the statement to be circulated, and (d) must be received by the Company at least 7 days before the meeting to which it relates.

Circulation of resolution for requesting an annual general meeting

Under the Companies Ordinance, registered shareholder(s) of the Company representing at least 2.5% of the total voting rights of all the shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate, or at least 50 shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate, may request the Company to give, to shareholders of the Company entitled to receive notice of the annual general meeting, notice of a resolution that is intended to be moved at that meeting. The request (a) must be signed by the shareholder(s) who requested the circulation of such resolution, (b) must be deposited at the Registered Office for the attention of the Company Secretary, (c) must identify the resolution of which notice is to be given, and (d) must be received by the Company not later than (i) 6 weeks before the annual general meeting to which the requests relate; or (ii) if later, the time at which notice is given of that meeting.

Nomination of a person for election as a Director

Pursuant to Article 107 of the Company's Articles of Association, a shareholder can propose a person (not being the shareholder himself/herself) for election to the office of Director at any general meeting by giving the Company notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his/her willingness to be elected. The period for lodging such notices shall commence no earlier than the day after the dispatch of the notice of the general meeting, appointed for such election, and end no later than 7 days prior to the date of such general meeting.

DIVIDEND POLICY

The Company has adopted its Dividend Policy. In determining the dividend amount, the Board will take into account a number of factors such as the Group's current and future operations, strategic and business plans, capital expenditure and future development requirements, liquidity position, financial results, general financial condition as well as the economic outlook. No predetermined dividend payout ratio is set in the Dividend Policy.

ARTICLES OF ASSOCIATION

No amendment was made in the Company's Articles of Association during the year. The latest version of the Company's Articles of Association is available on the Company Website and HKEx Website.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company. The Company Secretary supports the Board by ensuring good information flow within the Board, and that the Board's policy and procedures and all applicable rules and regulations are followed. The Company Secretary is responsible for advising the Board on corporate governance matters and facilitating the induction and continuous professional development of Directors. During the year, the Company Secretary undertook over 15 hours of relevant professional training to update her skills and knowledge.

Hin Fun Anthony TSANG
Chair of the Corporate Governance Committee

Hong Kong, 26 March 2024

CORPORATE SOCIAL RESPONSIBILITY REPORT

ABOUT THIS REPORT

This Corporate Social Responsibility Report ("CSR Report") is prepared in accordance with the Environmental, Social, and Governance Reporting Guide (the "ESG Reporting Guide") set out in Appendix C2 of the Listing Rules. This CSR Report has complied with the "comply or explain" provisions in the ESG Reporting Guide.

This CSR Report covers only the social and environmental aspects of the ESG Reporting Guide. The governance aspect of the ESG Reporting Guide is addressed in the Corporate Governance Report of this Annual Report.

BOARD STATEMENT

The Group recognises its corporate social responsibility to the society. The Board is committed to ensuring that the Group's business operations incorporate consideration of impact on the environment, relevant social aspects and good corporate governance. The Board accepts full responsibility for the Group's Environmental, Social and Governance ("ESG") strategies and reporting. The Board has adopted an ESG Policy which sets out the framework for managing and applying the Group's ESG commitment. The Board reviews and approves the Group's ESG strategies, priorities, targets and goals, as well as the related policies and frameworks regularly. The Board also ensures the effectiveness of risk management and internal control mechanism applicable to ESG.

The Board has established a Corporate Social Responsibility Working Group (the "CWG") to oversee and report on the environmental and social ("ES") matters which includes community investment. The CWG is governed by Terms of Reference that clearly define its authority and duties, and is provided with sufficient resources to discharge its duties. The CWG, led by the Chief Executive Officer of the Company comprises senior management including the Chief Financial Officer and Heads of all business units, and reports directly to the Board. The duties of the CWG include:

- To prepare a formal ESG policy for the Board's approval and review the policy periodically to ensure its relevance to the Group's operations;

- To identify material ES matters in the Group's operations, then evaluate, prioritise and take appropriate actions to address them;

- To make recommendations on the Group's ES-related goals and targets for the Board's approval;

- To develop and implement the Group's ES strategies, frameworks and policies, and report regularly to the Board on the progress of the development and effectiveness of the implementation; and

- To prepare the annual CSR Report or any other reports required by and in accordance with all applicable laws, rules and regulations.

The operational structure of corporate governance and risk management and internal control framework of the Group are set out in the Corporate Governance Report of this Annual Report.

SCOPE OF THIS CSR REPORT AND REPORTING PERIOD

The reporting scope of this CSR Report is the same as that of last financial year's report which covers:

(i) Group head office in Hong Kong;

(ii) Fashion Retail Business in Hong Kong, operated by The Swank Shop Limited ("Swank"); and

(iii) Resort and Recreation Club Operation in Hong Kong, Hill Top Country Club (the "Club") operated by Hill Top Country Club Limited ("Hill Top").

The reporting period of this CSR Report is from 1 January 2023 to 31 December 2023 (the "Reporting Period"), which is the same as the financial reporting period of this Annual Report.

REPORTING PRINCIPLES

This CSR Report has been prepared based on four reporting principles: materiality, quantitative, balance, and consistency.

1. Materiality: The Group identifies key environmental and social aspects of its operations through a materiality assessment.

2. Quantitative: This CSR Report discloses the environmental and social key performance indicators ("KPIs") in quantitative terms. Information about the standards, methodologies, assumptions and/or calculation references, and source of key conversion factors used for these KPIs are stated where appropriate.

3. Balance: This CSR Report is prepared in an objective and impartial manner to ensure that the information is disclosed faithfully to reflect the overall performance of the Group in the environmental and social aspects.

4. Consistency: Methodologies used in this CSR Report are consistent with those used in the prior years in terms of data statistics and calculation to ensure the comparability of information.

STAKEHOLDER ENGAGEMENT

The Group values the stakeholders and their feedback on the relevant ESG aspects of its business operations. To understand and address any major concerns, the Group has maintained regular communication with key stakeholders, including but not limited to shareholders and investors, employees, customers and suppliers. The Group takes into consideration stakeholders' expectations when formulating the business and ESG strategies via diverse mode of engagement and communication channels, as shown below.

Major Stakeholders	Communication Channels
Shareholders and Investors	Annual general meeting and other shareholders' meetings Annual and interim reports Announcements and circulars Company website
Employees	CWG meetings Staff engagement events Performance appraisal Internal circulars Trainings
Customers	Social media Company website In-person communication
Suppliers	Business engagements and meetings Periodical review and assessment

MATERIALITY ASSESSMENT

In this CSR Report, the Group has applied the principle of materiality to the key environmental and social aspects of the Group's business operations that have the most significant impact. An annual materiality assessment exercise was undertaken by the Group during the year with the primary objective to identify relevant environmental and social aspects of the Group's operations that are material. This involved conducting interviews and/or surveys with internal and external stakeholders. The Group referred to the ESG Reporting Guide to identify material items to be disclosed in this CSR Report.

Through the materiality assessment, the Group has determined that the items listed below are material environmental and social considerations for the Group's business operations:

- Air and greenhouse gas emission
- Environmental protection policies
- Energy consumption and management
- Employee remuneration and welfare benefits
- Diversity and equal opportunity of employees
- Employee training and development
- Occupational health and safety
- Packaging materials used
- Product and service quality
- Customer satisfaction
- Customer and staff privacy
- Protection of intellectual property rights
- Anti-corruption
- Legal compliance

ENVIRONMENTAL SUSTAINABILITY

In recent decades, more evidence of the importance of environmental protection has surfaced from further studies on and data collected from global climate change together with air, water and other pollution caused by human activities. The Group has taken actions and implemented measures in its operations and activities that would contribute to the protection of the environment and help curb global warming by reducing its carbon footprint.

Air Emissions

Air emissions can be generated from the consumption of liquefied petroleum gas ("LPG") in water heaters and cooking equipment at the Club and are also emitted from the Club's shuttle buses.

During the year, the approximate amounts of air emissions generated by the Group's business operations are as follows:

	Nitrogen oxides (NOx)		Sulphur oxides (SOx)		Particulate matter (PM)	
	2023	2022	**2023**	2022	**2023**	2022
	kg	kg	**kg**	kg	**kg**	kg
Emission from gaseous fuel consumption						
– LPG	**4.47**	3.94	**0.02**	0.02	**—**	—
Emission from vehicles						
– Diesel	**117.33**	113.62	**0.23**	0.21	**8.71**	7.68
Total air emissions	**121.80**	117.56	**0.25**	0.23	**8.71**	7.68

Note: The air emissions are calculated according to methods and conversion factors mentioned in "How to prepare an ESG Report-Appendix 2: Reporting Guidance on Environmental KPIs (version updated on 25 March 2022)" issued by The Stock Exchange of Hong Kong Limited.

Since January 2022, Swank has outsourced the storage and transportation of merchandise to a third-party logistics company ("3PL"). As the 3PL does not provide travelling distance and diesel consumption data, the emission from vehicles in relation to the Fashion Retail Business is not available for reporting.

The Group complies with the provisions in relation to motor vehicle emissions under the Road Traffic Ordinance (Chapter 374 of the laws of Hong Kong).

The use of water heaters, cooking equipment and vehicles are essential for the Club's operation, therefore, it is not practical to set an air emission target that would impose restrictions on the Club's ability to operate. Hence, the Group has adopted the following preventive and corrective measures instead to control air emissions from these sources:

- Conduct regular inspection and maintenance of water heaters and cooking equipment to enhance fuel efficiency;
- Conduct regular vehicle inspection and maintenance to enhance fuel efficiency;
- Only use Euro V standard vehicles; and
- Educate employees to turn off the engine of idling vehicles.

The Group regularly reminds its driving employees to observe the Motor Vehicle Idling (Fixed Penalty) Ordinance (Chapter 611 of the laws of Hong Kong) by switching off vehicle engine when idle to reduce air emissions.

Greenhouse Gas Emissions

Greenhouse Gas ("GHG") emissions are generated by many types of everyday activities, such as electricity consumption, combustion of fuel and gases, and operating vehicles. The increase in GHG emissions is one of the main contributing factors to rising temperature of earth and carbon dioxide is the major GHG emitted through human activities. The Group is committed to managing its GHG emissions by reducing its use of and improving the efficiency in the use of energy and resources in its day-to-day operations. The Group aims to progressively reduce the GHG emission on the same scale of operation and to achieve a reduction in the intensity of GHG emission, the Group has adopted the following measures to reduce the consumption of energy, water and paper, as well as the amount of non-hazardous waste it produces. The Group continues to closely monitor its GHG emissions and other environmental data, and review the effectiveness of existing measures, to maximise energy efficiency and improve on its environmental performance.

The major sources of GHG emissions are:

- LPG consumption for water heating in guest bathrooms, and cooking at the Club;
- Use of charcoal for barbecue service at the restaurant in the Club;
- Diesel consumption of shuttle buses operated by the Club;
- Refrigerants used in air-conditioning equipment and refrigerators in all operations of the Group;
- Use of electricity in all locations/premises of the Group;
- Paper waste disposed at landfills;
- Electricity used for processing fresh water and sewage by the relevant government departments; and
- The Group employees' business air travel.

During the year, the approximate amounts of the Group's GHG emissions from various sources are as follows:

Group Head Office	**Unit**	**2023**	2022
Scope 2 – Indirect emissions			
• Purchased Electricity	kg CO_2e	**43,393**	44,391
Scope 3 – Other indirect emissions			
• Paper consumption	kg CO_2e	**6,749**	4,452
• Water consumption	kg CO_2e	**38**	36
• Business air travel	kg CO_2e	**226**	1,694
Total GHG emission	kg CO_2e	**50,406**	50,573

Fashion Retail Business	Unit	2023	2022
Scope 2 – Indirect emissions			
• Purchased Electricity	kg CO_2e	**75,699**	84,155
Scope 3 – Other indirect emissions			
• Paper consumption	kg CO_2e	**12,495**	16,106
• Business air travel	kg CO_2e	**25,414**	12,909
Total GHG emission	kg CO_2e	**113,608**	113,170
Total GHG emission Intensity	kg CO_2e/thousand revenue	**1.31**	1.59

Resort and Recreation Club Operation	Unit	2023	2022
Scope 1 – Direct emissions			
• LPG	kg CO_2e	**73,251**	64,649
• Charcoal	kg CO_2e	**4,638**	1,890
• Diesel	kg CO_2e	**38,612**	35,853
• Refrigerants	kg CO_2e	**–**	87,030
Scope 2 – Indirect emissions			
• Purchased Electricity	kg CO_2e	**482,872**	402,694
Scope 3 – Other indirect emissions			
• Paper consumption	kg CO_2e	**2,220**	2,100
• Water consumption	kg CO_2e	**10,951**	9,029
Total GHG emission	kg CO_2e	**612,544**	603,245
Total GHG emission Intensity	kg CO_2e/thousand revenue	**47.84**	73.78

Total GHG emission	Unit	2023	2022
Scope 1	kg CO_2e	**116,501**	189,422
Scope 2	kg CO_2e	**601,964**	531,240
Scope 3	kg CO_2e	**58,093**	46,326
Total GHG emission	kg CO_2e	**776,558**	766,988
Total GHG emission intensity	kg CO_2e/thousand revenue	**6.43**	8.13

Notes:

1. The GHG emissions are calculated according to methods and conversion factors mentioned in "How to prepare an ESG Report-Appendix 2: Reporting Guidance on Environmental KPIs (version updated on 25 March 2022)" issued by The Stock Exchange of Hong Kong Limited and Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition) jointly published by Environmental Protection Department and Electrical and Mechanical Services Department.

Waste Management

The Group does not produce any hazardous waste due to the nature of its business operations.

Non-hazardous waste from the Group's operations mainly includes (i) paper used in the office and stores; (ii) carton boxes and plastic bags used in logistical/packaging process; and (iii) solid waste at the Club. Non-hazardous wastes generated at the Group's head office and the retail stores are handled by the respective building management company which does not provide figures as to the amount of non-hazardous waste for individual premises. Non-hazardous waste generated at the Club is collected by a contracted waste collector.

During the year, the approximate amounts of various types of non-hazardous waste disposed by the Group are as follows:

Types of non-hazardous wastes	**Unit**	**2023**	2022
Paper for office use	kg	**965**	1,111
Carton boxes and plastic bags for logistical/packaging purposes	kg	**216**	435
Solid waste at Hill Top	kg	**23,365**	22,950
Total non-hazardous wastes	kg	**24,546**	24,496
Total non-hazardous wastes intensity	kg/thousand revenue	**0.20**	0.26

The Group aims to reduce the intensity of non-hazardous waste progressively on the same scale of operation. The Group has adopted the following initiatives and assumes responsibility for better waste management by:

- Discouraging the printing of e-mails;
- Using digital storage instead of filing paper documents whenever possible;
- Setting double sided printing/copying as the default mode;
- Reusing one-sided printed paper for printing and copying draft documents whenever possible;
- Replacing written communications in paper form with electronic version/mode for daily workings;
- Reusing office stationaries (e.g. envelopes and folders) whenever practicable;
- Reusing carton boxes and plastic bags whenever practicable;
- Promoting “Food Wise” culture - cutting down on take-away food containers, thinking how much you can eat before ordering, and taking away leftovers;
- Encouraging bring your own cups and cutlery and avoid using disposable ones; and
- Providing microwave lids (for use instead of cling wrap) in staff pantry for reheating food.

The Group follows the general provisions of the Waste Disposal Ordinance (Chapter 354 of the laws of Hong Kong), which prohibits dumping wastes in public places or on private premises without the consent of the owner or occupier.

Use of Resources

The Group strives to save on energy and resources through implementation of internal operating policies and use of advanced technologies which ensure that resources are consumed in a responsible manner. To encourage employees to embrace green policies in daily operations, the Group has published an "Environmental Friendly Guideline" covering areas such as printing paper consumption/usage, energy saving actions and reusing of stationeries.

In addition to the abovementioned Waste Management initiatives, the Group also promotes the following eco-friendly behaviours:

- Turn off lighting or electrical equipment whenever away from the office for long periods of time, for example, during lunch or after work hours or before long holidays, to reduce energy consumption;
- Set air-conditioning temperature at an eco-friendly level of 25.5 degree Celsius;
- Lower brightness for computer monitors;
- Maximise the use of daylight whenever practicable;
- Remove or unscrew unused light bulbs/tubes;
- Inspect water taps regularly to identify leakage or dipping and rectify promptly;
- Place "Save Water" labels next to water taps to remind lower usage;
- Place "Green boxes" next to photocopiers to collect paper for reuse or recycling; and
- Set up recycle boxes to collect paper containers, plastic bottles and aluminium cans for recycling.

Customers of Swank are encouraged to pay more attention to recycling and reusing the shopping bags and are not served drinking water in "single-use" plastic bottle.

Hill Top encourages its members and patrons to make the best use of the Club's resources, including electricity, water, paper and other consumables. To reduce the impact on the environment from their GHG emissions, the Club gradually replaces conventional bulbs with LED lights when replacement is required, charcoal used for barbecue are reused, and only Euro V standard buses are used for the shuttle service.

Since September 2011, shareholders have been given the option to receive corporate communications of the Company by electronic means through the Company Website and HKEx website. Hence paper used for printing interim and annual reports has been substantially reduced.

The Group complies with the Product Eco-responsibility Ordinance (Chapter 603 of the laws of Hong Kong) with respect to the levy on plastic and non-woven shopping bags.

The Group continues its commitment to install and switch to energy-saving lighting fixtures and source energy efficient equipment that would function in optimal conditions and efficiency. Only LED lightings are used in new retail stores. Efficient use of resources does not only reduce waste and emissions, but also reduces operating expenses, which is ultimately beneficial to both the Group and the environment. Therefore, the Group continues to promote savings in the operations and efficient use of resources and aims to progressively reduce the amount of resource consumption on the same scale of operation.

Energy Consumption

During the year, the approximate amounts of the Group's energy consumption are as follows:

Group Head Office	**Unit**	**2023**	2022
Electricity consumption	kWh	**111,264**	113,823
Energy consumption intensity	kWh/gross floor area	**10.68**	10.93

Fashion Retail Business	**Unit**	**2023**	2022
Electricity consumption	kWh	**113,289**	126,874
Electricity consumption intensity	kWh/gross floor area	**6.78**	7.12
Energy consumption intensity	kWh/thousand revenue	**1.30**	1.78

Resort and Recreation Club Operation	**Unit**	**2023**	2022
Electricity consumption	kWh	**1,238,134**	1,032,548
Electricity consumption intensity	kWh/gross floor area	**18.07**	15.07
Charcoal consumption	kg	**1,481**	603
Diesel consumption	litre	**14,040**	13,037
LPG consumption	kg	**24,279**	21,428
Total energy consumption	kWh	**1,738,329**	1,475,131
Total energy consumption intensity	kWh/thousand revenue	**135.75**	180.42

Water Consumption

During the year, the Group did not encounter any issue in sourcing water resource.

The Group Head Office consumed an amount of 59m^3 (2022: 57m^3) of water during the year. The water consumption in the Head Office is mainly for drinking and sanitation purposes and is of relatively minimal amount. Therefore, the Group did not set water efficiency targets for the Head office.

The water consumption data for the stores of the fashion retail business was not available as there is no separate meter for individual shop unit to record its water usage.

During the year, the approximate amount of water consumption of the Resort and Recreation Club Operation is as follows:

	Unit	**2023**	2022
Water consumption	m^3	**18,817**	15,702
Water consumption intensity	m^3/thousand revenue	**1.47**	1.92

Packaging Material Consumption

During the year, the approximate amounts of packaging material consumption of the Fashion Retail Business are as follows:

Type of packaging material	**Unit**	**2023**	2022
Plastic			
• Bag for logistical/packaging purposes	kg	**191**	413
Paper			
• Shopping bag	kg	**1,002**	1,211
• Carton box for logistical purposes	kg	**63**	105
• Box for packaging purposes	kg	**1,066**	1,475
Total packaging material	kg	**2,322**	3,746

The Group Head Office does not use any packaging material and the usage amount at the Resort and Recreation Club Operation is insignificant.

Paper Consumption

During the year, the approximate amounts of the Group's paper consumption for office use, retail stores and corporate communications are as follows:

Segments	Unit	2023	2022
Group Head Office	kg	1,406	928
Retail Fashion Business	kg	472	564
Resort and Recreation Club Operation	kg	463	438

The Environment and Natural Resources

The Group strives to contribute to the protection of the environment by integrating a range of environmental initiatives across its business operations. The Group is committed to minimising the environmental impact of its business operations by reinforcing environmental awareness and implementing measures that conserve the use of resources, and promote energy conservation and good waste management. The Club operation is situated on a land area of approximately 400,000 square feet with revitalizing scenic landscape, abundant number of trees, plants and flowers. As an oasis in this city, it helps the Group to offset a substantial amount of carbon emission within its operational boundary.

The nature of the Group's business operations does not involve any daily activities that have a significant impact on the environment and natural resources. Nevertheless, the Group would still take into consideration the impact of its business activities on the surrounding environment and climate change when making any major business decision.

During the year, the Group was not aware of any material non-compliance with the abovementioned ordinances and other relevant laws, rules or regulations in relation to air and greenhouse gas emissions, discharges into water sewages and land, and generation of hazardous and non-hazardous waste.

Climate Change

Extreme climate conditions such as Typhoon Mangkhut in 2018 had impacted on the logistics for Hill Top's members and suppliers to reach to the Club due to the 'hilly' road conditions. The Club has enhanced its insurance policy to cover extreme climate conditions to minimise the cost of impact from severe weather. Enhancement to supply delivery during the typhoon months will ensure adequate provision to its members. Regular checking and trimming the trees near the entrance of the Club are carried out to avoid any falling or broken trees to block the road.

SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group treasures its human talent and acknowledges that it is one of the Group's most valuable assets and key to driving success and achieving sustainable development of its business operations. The Group strives to provide a safe working environment and offer market competitive remuneration.

The Group's Human Resource ("HR") policies strictly adhere to all applicable employment laws and regulations in Hong Kong, including the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) and are duly applied to determine employees' welfare and benefits. The Group's HR Department regularly reviews and updates the HR policies in accordance with the latest relevant laws and regulations.

Talent acquisition and retention are vital to the future development of the Group's business. The Group offers comprehensive and competitive remuneration and welfare packages to attract and retain talents, and remuneration policies are reviewed on a regular basis. The Group also makes reference to market benchmarks to attract and maintain a high-calibre workforce. The Group conducts annual staff performance assessments and offers promotion opportunities and salary increments to reward employees' contributions. Discretionary or performance bonus may be awarded to employees in recognition of their specific work achievements and to encourage them to stive for continuous improvement. At the same time, termination of employment contract are based on reasonable, fair and lawful grounds. The Group strictly prohibits unfair dismissals.

The Group determines working hours and rest periods for employees according to their employment category and offers flexibility on the starting work time, depending on the job nature and position, to enable employees to have a healthy balance between work and family commitments. In addition to stipulated statutory holidays, employees may also have other leave entitlements such as marriage leave, jury leave, compassionate leave and examination leave.

To cultivate employees' sense of belonging, additional employee benefits such as medical subsidies or insurance, staff discounts and early leave on the eve of festival days are offered. During the year, the Group hosted a variety of activities such as staff parties and Christmas lucky draw, and gave out a number of other benefits like heavily discounted merchandise sales, mooncakes, Tuen Ng Festival rice dumplings, healthy drinks and soups, etc. To cater for the needs of Hill Top employees, free meals and transportation between the Club and nearby MTR stations on working days are provided to employees. The Group also subsidises membership fee of the relevant professional bodies that employees join and grants long service awards to eligible staff.

In terms of internal coaching and communication, effective and frequent two-way communication between general and managerial staff is encouraged. Employees can communicate timely and smoothly with colleagues and management through a number of channels such as Teams, bulletin board posting, emails, training, website, internal public folders and meetings. Such an interactive communication system benefits the Group's decision-making process and can lead to a barrier-free employer-employee relationship.

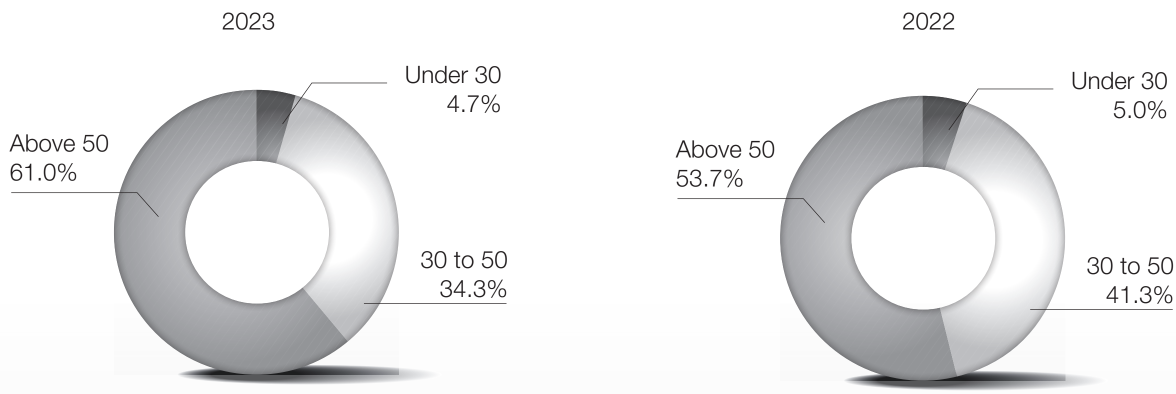
As an equal opportunity employer, the Group is committed to create a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all human resources and employment decisions. For instance, training and promotion opportunities, dismissals and retirement policies are determined irrespective of gender, race, age, disability, family status, marital status, sexual orientation, religious beliefs, nationality or any other non-job related factors. The Group's equal opportunity policy enforces zero tolerance to any workplace discrimination, harassment or victimisation in accordance with relevant government legislation and regulations, such as the Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong), the Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong), the Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong), and the Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong). If there are any discrimination incidents, employees can report to HR Department or to the Head of Internal Audit Department (including anonymously in the latter case if the reporter so wish to). Disciplinary action would be taken on non-compliance or breach of legislation in relation to the Group's equal opportunity policy.

During the year, the Group was not aware of any material non-compliance with the abovementioned ordinances and other relevant laws, rules or regulations in relation to employment and labour practices.

As at 31 December 2023, the Group had 105 employees (2022: 121 employees) and all of them were situated in Hong Kong.

Gender Distribution

Age Distribution



Health and Safety

To provide and maintain good working conditions and a safe and healthy working environment, the Group's staff handbook sets out the safety and emergencies policies, which are in line with various laws and regulations, including the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong).

Management is committed to workplace health and safety, and has incorporated a range of occupational health and safety measures for employees in the office, retail shops and the Club. Posters providing tips on postures and other safety actions while working on computer and suggestions of stretching exercise are displayed in the office pantry. Safety bulletins and warning signs are posted at the Club's engineering department to remind employees to take precautionary measures. The Group has arranged for a number of employees to acquire Qualified First Aider status for the benefit of its employees and customers in the event of a medical emergency or accident. The Group adopts the Government's guidelines in ensuring safety of employees in relation to severe weather conditions such as typhoons and major rainstorms.

The Group also strives to provide a healthy and safe working environment for its employees in other ways such as prohibiting smoking and drinking liquor (except for special celebration occasions) in any workplace; regular cleaning of the air-conditioning systems; regular disinfection treatment of carpets; regular inspections on fire prevention systems and conducting fire drills. The Group offers free annual flu vaccination to its employees.

Work-related injury is protected by the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). There was no work-related fatality for the years ended 31 December 2021, 2022 and 2023. In 2023, the number of working days lost due to work injuries was 280 days (2 cases) (2022: 161 days (3 cases)).

During the year, the Group was not aware of any material non-compliance with the abovementioned ordinances and other relevant laws, rules or regulations in relation to health and safety of employees.

Development and Training

The Group offers different training and development opportunities to employees to strengthen their work-related skills and knowledge, and to improve operational efficiency and productivity. Regular in-house training and development are also provided to employees, such as occupational safety and health training, anti-corruption training, IT related training, and product training sessions and workshops on fabric used, styling and pattern to frontline staff in the retail stores. The Group encourages and subsidises employees to pursue relevant educational or training opportunities to enhance employees' competitiveness and improve the quality of work through continuous learning.

Labour Standards

The Group does not employ child or forced labour. The HR Department regularly reviews hiring practices of the Group to ensure that no child or forced labour is employed. The recruitment process consists of age verification and identification examination to avoid child labour. If the use of forced labour or child labour is discovered, the employment contract will be terminated, and an investigation will be conducted if needed. The brands of merchandise that the Group purchases are all manufactured in regulated environments (mainly the EU) where child or forced labour are banned.

During the year, the Group was not aware of any material non-compliance with the relevant laws, rules or regulations in relation to preventing child or forced labour.

Social Performance Indicators

	2023	2022
Total workforce		
Number of employees	**105**	121
By gender		
Male	**36**	44
Female	**69**	77
By employment type		
Full-time	**97**	115
Part-time	**8**	6
By age group		
Under 30	**5**	6
30 to 50	**36**	50
Above 50	**64**	65
By geographical region		
Hong Kong	**105**	121
Employee Turnover Rate		
Total turnover rate	**30.1%**	17.4%
By gender		
Male	**40.0%**	21.4%
Female	**24.7%**	15.3%
By age group		
Under 30	**90.9%**	42.9%
30 to 50	**39.5%**	20.4%
Above 50	**18.6%**	12.4%
By geographical region		
Hong Kong	**30.1%**	17.4%
Development and Training		
Number and Percentage (%) of employees who received training	**118 (112.4%)**	107 (88.4%)
By gender		
Male	**38 (32.2%)**	39 (36.4%)
Female	**80 (67.8%)**	68 (63.6%)
By employee category		
Senior management	**3 (2.5%)**	5 (4.7%)
Middle management	**18 (15.3%)**	17 (15.9%)
General staff	**97 (82.2%)**	85 (79.4%)

	2023	2022
Training Hours		
Average number of training hours per employee	**4.7**	5.2
By gender		
Male	**4.4**	2.7
Female	**4.8**	6.6
By employee category		
Senior management	**21.4**	25.3
Middle management	**6.4**	5.8
General staff	**3.7**	4.3

OPERATING PRACTICES

Supply Chain Management

As a socially responsible enterprise, it is critical and vital for the Group to both maintain and manage a sustainable and reliable supply chain. The current supply chain management practice includes establishing mutual trust and understanding between the Group and relevant business partners. The Group expects suppliers to comply with the laws and regulations in the countries and regions where their operations are located, and operate in good faith by adhering to proper business ethics. The Group endeavours to follow up on the implementation of remedial measures, if any, to ensure that they are carried out properly and effectively. The Group also understands the importance of maintaining good relationships with suppliers and business partners to ensure sustainable development of the business. Accordingly, senior management has kept good communication, exchange ideas and share business updates with them when appropriate.

During the year, there was no material or significant dispute between the Group and its suppliers.

Fashion Retail Business

Swank's senior management is responsible for monitoring the quality of the suppliers and implementing the supply chain practices. Swank selects suppliers that meet its merchandise requirements and market positioning of "Luxury & Sophisticated". Swank has a formal brand selection policy and procedure that governs the selection and evaluation of merchandise brand, which the key criteria include product design, styling, price, sales track record, product workmanship or quality, brand awareness, accountability, trade terms, delivery, the suppliers' background, credit rating and their awareness of social and environmental responsibility. To avoid any disruptions to supply chain in the fashion retail operation, Swank maintains a frequent dialogue with suppliers through regular meetings, phone calls and emails. Most of Swank's suppliers produce in highly regulated and "safe" environments, such as the European Union.

During the year, Swank purchased from 66 suppliers around the globe, 44 from Europe, 13 from the United Kingdom, 4 from Japan, 3 from the United States of America, 1 from Korea, and 1 from China.

Resort and Recreational Club Operation

Hill Top procures mainly supplies for its food and beverage services, guest room and club facilities. Hill Top's Purchasing Department and the relevant procuring department endeavour to ensure that quality of the suppliers are good and continuously apply the supply chain practices. Supplier selection and evaluation criteria include source of the products, their quality, variety and price, supplier's after sales service and technical support. Hill Top conducts annual evaluation of its major suppliers to assess their performance against the abovementioned criteria.

To support marine conservation and preservation of natural resources, Hill Top has ceased serving shark fin at its restaurants and banquets. Hill Top has also started to gradually reduce plastic consumption through progressively changing takeaway containers and bags to be made of biodegradable or more environmentally friendly materials.

During the year, the Club engaged with 58 suppliers, all of them were situated in Hong Kong.

Product and Service Responsibility

Fashion Retail Business

Swank is in the business of retailing premium fashionwear of prestigious names and strives to secure the finest store locations for its sophisticated clientele which is guided by four core principles, "STYLING", "QUALITY", "SERVICE" and "SELECTION". Under these principles, management has placed great importance on product quality through systematic inspection procedures whereby procured merchandise undergoes meticulous manual inspection. Swank requires suppliers to provide relevant internationally recognised certification(s) to ensure that the merchandise has been produced under good quality conditions. The merchandise must comply with the standards and local laws and regulations of the relevant country of origin. Swank will recall unqualified merchandise if necessary, in accordance with pre-agreed return procedures. Swank strictly abides by the Competition Ordinance (Chapter 619 of the Laws of Hong Kong) and the Sales of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) relating to the sale of goods.

Resort and Recreational Club Operation

Hill Top Country Club is a private membership club. Hill Top offers a comprehensive range of services and facilities to its members, including accommodation, dining, recreational and outdoor activities. Hill Top operates strictly in compliance with the Clubs (Safety of Premises) Ordinance (Chapter 376 of the Laws of Hong Kong) and related laws and regulations to obtain a Certificate of Compliance from the Licensing Authority of Home Affairs Department. During the year, Hill Top met the requirements in respect of building safety, fire safety, health and sanitation and renewed its Certificate of Compliance. To provide the best quality services to its members, Hill Top closely monitors the environment, facilities and hygiene of the Club to maintain the provision of a safe and comfortable environment to its members. The fire prevention systems are inspected regularly and fire drills are conducted periodically to ensure safety. Health and safety guidelines are posted in the kitchen areas to remind employees and chefs of the necessary precautionary measures to take in their daily operations.

Products and Services Satisfaction

All sales and marketing materials aim to provide accurate and precise information to customers and are reviewed and approved in accordance with internal procedures. The Group strictly abides by the Trade Descriptions Ordinance (Chapter of 362 of the Laws of Hong Kong) and the Copyright Ordinance (Chapter 528 of the Laws of Hong Kong).

Swank and Hill Top through their websites, newsletters and social media platforms, such as Facebook and Instagram, and other channels, promote offerings and activities to customers and members, and in turn gather comments and feedback. A suggestion box is also placed at the Club and in the retail stores for members and customers to deposit their opinions and comments. The respective business management reviews and responds to feedback and comments promptly, and takes follow up action where necessary.

Complaints received are handled by management of the respective business segment in accordance with internal procedures. The respective business management investigates the complaints and takes appropriate action in a timely manner. During the year, Swank received eight complaints on product quality and late delivery, all of which were resolved satisfactorily (with refund or offer of gift vouchers). Hill Top did not receive any complaints during the year.

During the year, the Group did not recall any merchandise due to safety and health reasons and there was no material or significant dispute between the Group and any retail store customers or club members.

Protection of Intellectual Property Rights

The Group builds up and protects its intellectual property rights through prolonged use and registration of domain names and trademarks. The Group has registered trademarks in various classes in Hong Kong in accordance with the Trademark Ordinance (Chapter 559 of the Laws of Hong Kong) and in other jurisdictions under the relevant laws and regulations. In addition, the Group's trademarks and domain names are constantly monitored and renewed upon their expiration.

Consumer Data Protection

The Group places utmost importance on protecting the privacy of its customers in the collection, usage, processing and storage of their personal data. The Group strictly abides by the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) to ensure that customers' rights are protected. All personal data collected are treated confidentially, kept securely and processed only for the purpose for which it has been collected. Swank's Privacy Policy is clearly stated on its website. During the year, data privacy e-learning materials were sent to employees to increase awareness of handling business-related personal data.

During the year, the Group was not aware of any material non-compliance with the abovementioned ordinances and other relevant laws, rules or regulations in relation to product and service responsibility.

Anti-corruption

To maintain a fair, ethical and efficient business environment, the Group strictly abides by the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and has developed a Code of Conduct for its employees with reference to such ordinance. All employees are required to strictly follow the Group's Code of Conduct to prevent potential bribery, extortion, fraud and money laundering which may exploit their positions against the Group's interests in the course of business. Any breach of the rules will be disciplined, including termination of employment, and may be reported to the relevant authorities for possible prosecution under applicable laws. All employees are required to submit an annual declaration of compliance with the Code of Conduct. The Group has also adopted the Code of Conduct for External Parties, which aims to strengthen the Group's high level of integrity and prevent any potential bribery situations between employees and vendors. This code is available for access on the Company Website.

During the year, there were no non-compliance cases in relation to bribery, extortion, fraud and money laundering. There were also no concluded legal cases regarding corruption brought against the Group or its employees.

In 2023, anti-corruption e-learning materials were sent to Directors and employees as a refresher on anti-corruption laws and regulations. During the year, the Company invited the Independent Commission Against Corruption ("ICAC") of Hong Kong Special Administrative Region to conduct a seminar on "Ethics at work" to its employees to provide a refresher training on the latest anti-corruption laws and regulations and a total of 27 employees attended this seminar. The Company had also arranged Directors and Senior Management to attend an integrity training webinar "Ethics Legacy – Ethical and Governance Roles of Directors and Senior Management of Publicly Listed Companies" organised by the Hong Kong Ethics Development Centre of the Independent Commission Against Corruption of Hong Kong.

Whistleblowing Policy

The Group has formulated an internal whistleblowing policy named "Policy for Employees Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters" (the "Employee Whistleblowing Policy"), which outlines the reporting channels and provides guidance on reporting possible improprieties in matters of financial reporting, internal control or other matters with reassurance to whistleblowers (i.e. the reporting staff member) of the protection that the Company will extend to them against any unfair dismissal or harassment for a genuine report made under this Employee Whistleblowing Policy. The Group provides a confidentiality mechanism to protect the whistleblowers without fear of threats or retaliation. A training session for employees on whistleblowing was conducted in 2018, presided over by an Independent Non-executive Director who is also the Chair of the Company's Audit Committee. This whistleblowing training session was video recorded and all new joined staff are shown the video as part of their induction course.

The Group has also developed and adopted the "Whistleblowing Policy for External Parties" (the "Policy") to provide its customers, suppliers and any other business partners with the same reporting channels and guidance on reporting possible improprieties in any matter related to the Group, and the Policy has been made available for any external parties to access on the Company Website.

COMMUNITY INVESTMENT

The Group places emphasis on cultivating awareness of social responsibility among its employees and encourages staff to engage in community activities. The Group takes the lead in identifying charitable events that provide opportunities for employees to take part in and encourages participation by allowing staff to take time off work or matches staff's donation which is a win-win situation. The Group targets to support the work of NGOs that help to fulfil needs of the society and community annually.

During the year, the Group undertook the following investments in the community:

(i) Staff from all business segments were invited to participate in the "*Dress Casual Day*" fund-raising programme organised by The Community Chest of Hong Kong (the "Chest"). This programme is designed to support "Child Protection and Welfare Services". The total amount of funds raised from employees and matched by the Company donated to the Chest was HK$12,460;

(ii) The Group's staff participated in the Food Angel's volunteer activity to prepare and serve meals to the underprivileged;

(iii) Swank sponsored to the annual events of the Hong Kong Cancer Fund and PathFinders Limited by donating gift vouchers of HK$30,000 and HK$25,000 in face value respectively;

(iv) Swank donated 65 items of past season clothing to the Green Ladies, an organisation that aims to achieve environmental and social change through fashion reuse and for capability enhancement, and 7 items of past season merchandise to the clothing collection box of a partner of Redress, a Hong Kong-based, Asia-focused environmental NGO on a mission to accelerate the transition to a circular fashion industry by educating and empowering designers and consumers in order to reduce clothing's negative environmental impacts; and

(v) Hill Top provided a function room at a discounted price to Hong Kong Rehabilitation Power, a NGO that provides vocational training and employment assistance to persons with disabilities, for their annual general meeting.

The Group received the following award and certificate of appreciation:

(i) The Social Enterprise Supporter Award in the 2023 Social Enterprise Supporter Award Scheme organized by the Fullness Social Enterprises Society in recognition of the Group pledge to advocate "Social" of Environment, Social and Governance and having taken actions to create positive impact through partnership with social enterprises; and

(ii) Certificate of Appreciation by Harmony House Limited in recognition of the Group's donation and support to organise an event for clients of Harmony House's service at Hill Top which the Group's employee also provided hands on help.

Penny Soh Peng CROSBIE-WALSH
Executive Director and Chief Executive Officer

Hong Kong, 26 March 2024

Note: Certain comparative figures have been restated for the effect of the prior year adjustment.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENM HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of ENM Holdings Limited and its subsidiaries ("the Group") set out on pages 83 to 153, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. The key audit matters we identified are:

1. Fair values of the club property; and
2. Allowances for inventories.

Key Audit Matter	How our audit addressed the Key Audit Matter

Fair values of the club property

(Refer to note 5 and note 18 to the consolidated financial statements)

The Group has a club property situated in Hong Kong with aggregate value of HK$370,000,000 as at 31 December 2023. As described in note 4(e) to the consolidated financial statements, the club property is stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

In determining the fair values of the club property, the Group takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group determined the highest and best use of the club property to be development for residential which differs from its current use as a club operation, on the basis of the rezoning approval as further explained in note 18 to the consolidated financial statements.

The Group appointed an independent professional valuer to assist management to assess the fair value of the club property for redevelopment to residential use using the residual approach, whereby the valuation was derived from the gross development value upon completion (using a direct comparison approach) less estimated development costs and allowance for developer's risk and profit.

Our procedures in relation to management's valuation assessment of the club property included:

– Assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors including subjectivity;

– Understanding and evaluating key control over the group's estimation of the fair value at the club property;

– Evaluating the outcome of prior period estimation of the fair value the club property to assess the effectiveness of management's estimation process;

– Evaluating the Group's determination that the highest and best use of the club property is redevelopment for residential use based on our understanding of the progress and status of the rezoning approval;

– Evaluating the external valuer's competence, capabilities and objectivity;

– Holding discussions with management and the Group's external valuer to understand the valuation methodologies and key input used;

– With the assistance of an auditor's valuation specialist:

  i) Assessing the appropriateness and mathematical accuracy of the valuation model;

  ii) Challenging the reasonableness of the key assumptions in light of available market information;

  iii) On a sample basis, checking the relevance and reasonableness of input data used, including the market price of nearby residential properties, estimation of market construction cost, anticipated developer's profit margin, and reasonableness of adjustments to the input data to reflect the specific characteristics of the club property;

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair values of the club property (cont'd) *(Refer to note 5 and note 18 to the consolidated financial statements)*	
The Group recognised a revaluation decrease of HK$55,000,000 for the year ended 31 December 2023 (note 18). The determination of the highest and best use of the club property requires significant management judgement. The fair value measurement of the club property is categorised as level 3 as the residual approach requires the use of certain unobservable inputs and assumptions about the risks that involve greater estimation uncertainty. The inherent risk in relation to the fair value estimate of the club property is considered significant. Therefore, we identified the fair value of the club property as a key audit matter.	iv) On a sample basis, comparing the data used by the Group's external valuer against the development plan approved by the government authority, published industry benchmarks and comparable market transactions. – Assessing the adequacy of the fair value disclosures in respect of the club property in the consolidated financial statements.
Allowances for inventories *(Refer to note 5 and note 23 to the consolidated financial statements)*	
At 31 December 2023, the Group held gross inventories of HK$38,711,000 and had made allowances for inventories of HK$26,786,000. Allowances for inventories are made based on the ageing and estimated net realisable value of inventories. The assessment of the allowances involves judgment and estimates which are based on current market conditions and the historical experience of selling products of similar nature. As a result, management apply judgment in determining the appropriate allowances for inventories based upon a detailed analysis of old season and current season inventory and net realisable value below cost based upon plans for inventory to go into sale. The inherent risk in relation to the determination of the allowance for inventories is considered significant as it involves estimates and assumption which were subjective. Therefore, we identified the allowance for inventories as a key audit matter.	Our procedures in relation to management's allowance assessment included: – Assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors including subjectivity; – Understanding and evaluating key control over the Group's estimation of the allowance for inventories; – Evaluating the outcome of prior period estimation of the allowance for inventories to assess the effectiveness of management's estimation process; – Reviewing the historical ageing of inventories; – Identifying and assessing aged and obsolete inventories when attending inventory counts; – Assessing the estimated sales prices used by management by testing the historical sales prices that have been achieved; – Evaluating the expected future sales of the inventories by reviewing historical sales performance; and – Reviewing the adequacy of allowance for inventories and inventories' write-offs.

Other Information

The directors are responsible for the Other Information. The Other Information comprises all the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yam Tak Fai, Ronald.

RSM Hong Kong
Certified Public Accountants
29th Floor, Lee Garden Two,
28 Yun Ping Road,
Causeway Bay,
Hong Kong

26 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 HK$'000	2022 HK$'000
Revenue	9	**120,836**	94,387
Cost of sales		**(52,060)**	(41,122)
Gross profit		**68,776**	53,265
Other income	10	**1,419**	4,368
Selling and distribution costs		**(31,991)**	(34,569)
Administrative expenses		**(68,004)**	(64,058)
Depreciation of property, plant and equipment, impairment loss and amortisation		**(1,125)**	(1,637)
Other operating gains/(losses), net	13	**12,364**	(107,169)
Loss from operations		**(18,561)**	(149,800)
Fair value gains on investment properties, net		**300**	—
Finance costs	11	**(1,123)**	(1,352)
Loss before tax		**(19,384)**	(151,152)
Income tax expense	12	**—**	—
Loss for the year	13	**(19,384)**	(151,152)
Attributable to:			
Owners of the Company		**(19,747)**	(150,663)
Non-controlling interests		**363**	(489)
		(19,384)	(151,152)
		HK$	HK$
Loss per share			
– basic	16(a)	**(1.20) cents**	(9.13) cents
– diluted	16(b)	**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 HK$'000	2022 HK$'000
Loss for the year		**(19,384)**	(151,152)
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Fair value gain/(loss) on revaluation of the club property		**(55,000)**	85,000
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(24)**	(152)
Other comprehensive income/(loss) for the year, net of tax		**(55,024)**	84,848
Total comprehensive loss for the year		**(74,408)**	(66,304)
Attributable to:			
Owners of the Company		**(74,766)**	(65,780)
Non-controlling interests		**358**	(524)
		(74,408)	(66,304)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	18	**371,060**	426,060
Right-of-use assets	19	**8,746**	18,241
Investment properties	20	**52,800**	52,500
Intangible assets	21	**–**	348
Financial assets at fair value through profit or loss	22	**49,822**	59,804
Total non-current assets		**482,428**	556,953
Current assets			
Inventories	23	**11,925**	22,511
Trade and other receivables	24	**14,857**	13,023
Financial assets at fair value through profit or loss	22	**475,549**	457,895
Pledged bank deposits	25	**10,000**	10,000
Time deposits	25	**93,396**	89,368
Cash and bank balances	25	**16,180**	36,161
Total current assets		**621,907**	628,958
Current liabilities			
Trade and other payables	26	**23,253**	19,535
Lease liabilities	27	**8,396**	10,583
Interest-bearing bank borrowings	28	**5,079**	5,882
Total current liabilities		**36,728**	36,000
Net current assets		**585,179**	592,958
Non-current liabilities			
Lease liabilities	27	**–**	7,896
NET ASSETS		**1,067,607**	1,142,015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

AT 31 DECEMBER 2023

	Note	2023 HK$'000	2022 HK$'000
Capital and reserves			
Issued capital	30	**1,206,706**	1,206,706
Accumulated losses		**(1,226,075)**	(1,206,328)
Other reserves	32	**1,087,733**	1,142,752
Equity attributable to owners of the Company		**1,068,364**	1,143,130
Non-controlling interests		**(757)**	(1,115)
TOTAL EQUITY		**1,067,607**	1,142,015

Approved by the Board of Directors on 26 March 2024 and are signed on its behalf by:

Hung Han WONG
Non-executive Director and Non-executive Chairman

Penny Soh Peng CROSBIE-WALSH
Executive Director and Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company							
	Issued capital HK$'000	Special reserve HK$'000 *(Note 32(b)(i))*	Exchange fluctuation reserve HK$'000 *(Note 32(b)(ii))*	Property revaluation reserve HK$'000 *(Note 32(b)(iii))*	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2022	1,206,706	808,822	1,323	247,724	(1,055,665)	1,208,910	(591)	1,208,319
Total comprehensive loss and change in equity for the year	–	–	(117)	85,000	(150,663)	(65,780)	(524)	(66,304)
At 31 December 2022	1,206,706	808,822	1,206	332,724	(1,206,328)	1,143,130	(1,115)	1,142,015
At 1 January 2023	**1,206,706**	**808,822**	**1,206**	**332,724**	**(1,206,328)**	**1,143,130**	**(1,115)**	**1,142,015**
Total comprehensive loss and change in equity for the year	**–**	**–**	**(19)**	**(55,000)**	**(19,747)**	**(74,766)**	**358**	**(74,408)**
At 31 December 2023	**1,206,706**	**808,822**	**1,187**	**277,724**	**(1,226,075)**	**1,068,364**	**(757)**	**1,067,607**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		**(19,384)**	(151,152)
Adjustments for:			
Depreciation of property, plant and equipment		**564**	1,119
Depreciation of right-of-use assets		**11,791**	14,623
Impairment loss of property, plant and equipment		**213**	470
Impairment loss of intangible assets		**300**	—
Amortisation of intangible assets		**48**	48
Impairment loss of trade receivables		**8**	—
Finance costs		**1,123**	1,352
Charge for inventories allowances		**9,280**	5,226
Dividend income from:			
Financial assets at fair value through profit or loss		**(14,466)**	(11,942)
Interest income from:			
Financial assets at fair value through profit or loss		**(1,708)**	(1,264)
Other financial assets		**(4,990)**	(1,701)
Fair value gains on investment properties, net		**(300)**	—
Losses/(gains) on disposal of property, plant and equipment		**5**	(243)
Fair value losses/(gains) from financial assets at fair value through profit or loss, net		**(11,546)**	75,872
Losses/(gains) on disposal of financial assets at fair value through profit or loss, net		**(72)**	30,036
COVID-19 Related rent concessions received		**—**	(117)
Write back for provision for reinstatement cost		**(12)**	(9)
Write back of accrued payables		**(439)**	—
Foreign exchange loss/(gain), net		**(51)**	2,814
Operating loss before working capital changes		**(29,636)**	(34,868)
Decrease/(increase) in inventories		**1,305**	(5,744)
Decrease/(increase) in trade and other receivables		**(1,421)**	2,079
Increase/(decrease) in trade and other payables		**2,413**	(292)
Cash used in operations		**(27,339)**	(38,825)
Interest received		**6,535**	2,334
Dividends received from:			
Financial assets at fair value through profit or loss		**14,801**	11,588
Purchases of financial assets at fair value through profit or loss		**(192,395)**	(162,240)
Proceeds from disposal of financial assets at fair value through profit or loss		**196,617**	219,849
Net cash generated from/(used in) operating activities		**(1,781)**	32,706

	Note	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(782)**	(480)
Purchases of financial assets at fair value through profit or loss		**(870)**	(1,077)
Proceeds from disposal of property, plant and equipment		**–**	265
Proceeds from refund of capital from financial assets at fair value through profit or loss		**–**	3,744
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		**8,323**	(29,191)
Net cash generated from/(used in) investing activities		**6,671**	(26,739)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans raised	34(a)	**23,792**	24,390
Repayment of bank loans	34(a)	**(24,595)**	(25,509)
Interest paid	34(a)	**(342)**	(188)
Capital element of lease rentals paid	34(a)	**(10,621)**	(15,256)
Interest element of lease rentals paid	34(a)	**(781)**	(1,164)
Net cash used in financing activities		**(12,547)**	(17,727)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(7,657)**	(11,760)
Effect of foreign exchange rate changes, net		**27**	(2,966)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**96,338**	111,064
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**88,708**	96,338
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Non-pledged time deposits		**93,396**	89,368
Less: Non-pledged time deposits with original maturity of over three months when acquired		**(20,868)**	(29,191)
Non-pledged time deposits with original maturity of less than three months when acquired		**72,528**	60,177
Cash and bank balances		**16,180**	36,161
		88,708	96,338

1. CORPORATE INFORMATION

ENM Holdings Limited (the "Company") was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance. The address of its registered office and principal place of business is Suites 3301-3302, 33/F, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 33 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting year of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules - Amendments to HKAS 12
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(a) Application of new and revised HKFRSs (Cont'd)

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies" for the first time in the current year. HKAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgements" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 4 to the consolidated financial statements.

(b) New HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism

The Company and several subsidiaries are operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(b) New HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism (Cont'd)

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. The Group has estimated that the abolition of the offsetting mechanism did not have a material impact to the opening consolidated equity at 1 January 2022 and the consolidated financial statements for the year ended 31 December 2022 and 2023.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(c) Revised HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to standards and interpretation that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 - Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 - Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 - Lease Liability in a Sales and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7 - Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 - Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company anticipate that the application of all other amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. revaluation of investment properties, the club property and certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(a) Consolidation (Cont'd)

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(c) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured either at fair value or at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(e) Property, plant and equipment

Property, plant and equipment, except the club property held for use in the provision of recreational facilities or hospitality services, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

The club property held for use in the provision of recreational facilities or hospitality services, is stated in the consolidated statement of financial position at its revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such club property is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such club property is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(e) Property, plant and equipment (Cont'd)

Depreciation of revalued club property is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amounts less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

The club property	Over the remaining lease terms
Leasehold improvements	Over the shorter of the remaining lease terms or 5 to 6 years
Furniture, fixtures and equipment	2 to 5 years
Motor vehicles	3 to 5 years

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rentals and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time.

Gains or losses arising from changes in the fair value of investment properties are recognised in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is withdrawn from use. Any gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 4(r).

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(g) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Group as a leasee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected to separately account for lease and non-lease components.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 4(f).

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(g) Leases (Cont'd)

(i) The Group as a leasee (Cont'd)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(ii) The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis or the actual basis and comprises invoiced value of purchases, and where appropriate, freight, insurance and delivery charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out in note 4(w) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(j) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(j) Recognition and derecognition of financial instruments (Cont'd)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(k) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest ("SPPI"). Interest income from the investment is calculated using the effective interest method.

– Fair value through other comprehensive income ("FVOCI") - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(k) Financial assets (Cont'd)

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as revenue.

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(p) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(r) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(i) Retail of fashion wear and accessories

Revenue from the sale of fashion wear and accessories is recognised when control of the goods has transferred, being at the point the customer purchases the fashion wear and accessories at the retail shops or upon the delivery of fashion wear and accessories through e-ecommerce platform. Payment of the transaction price is due immediately at the point the customer purchases the fashion wear and accessories. Under the Group's standard contract terms, customers normally have a right of return within 7 days and 14 days for sales via retail stores and an on-line e-tailer channel respectively. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(r) Revenue recognition (Cont'd)

(ii) Resort and recreational club operations

Entrance fee income and subscription fee income is recognised over the membership and subscription period respectively. Revenue from the provision of resort and club facilities and other services is recognised over time as the services are rendered. Revenue from catering service is recognised at a point in time when the goods are transferred or the service are provided to the customer, being at the point that the customers have received the services or obtained control of the goods.

(iii) Dividend income

Dividend income is recognised when the shareholders' rights to receive payment are established.

(iv) Interest income

Interest income from financial assets at FVPL is included in the revenue, see note 9.

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in the consolidated statement of profit or loss as part of revenue. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(v) Rental income

Rental income is recognised on a straight-line basis over the lease term.

(vi) Management and other services

Revenue from the provision of management and other services is recognised over the period in which the services are rendered.

(s) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(s) Employee benefits (Cont'd)

(ii) Pension obligations

The Group operates only the defined contribution retirement schemes.

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offsetted as a deemed employee contribution towards the LSP obligation in term of HKAS 19 paragraph 93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(u) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(u) Taxation (Cont'd)

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(v) Impairment of non-financial assets

Intangible assets that have an indefinite useful life or that are not yet available for use are reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(v) Impairment of non-financial assets (Cont'd)

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(w) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI, trade and other receivables and cash and cash equivalents. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(w) Impairment of financial assets (Cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in the financial instrument's external (if available) credit rating;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor; and

– significant increases in credit risk on other financial instruments of the same debtor.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(w) Impairment of financial assets (Cont'd)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

– the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(w) Impairment of financial assets (Cont'd)

Measurement and recognition of Expected Credit Losses ("ECL")

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(x) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(y) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGMENTS AND KEY ESTIMATES

Critical judgments in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgments that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Deferred tax for investment properties

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties, the directors have adopted the presumption that investment properties measured using the fair value model are recovered through sale.

(b) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Allowances for inventories

Allowances for inventories are made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgment and estimates which are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to serve industry cycles. The Group will reassess the estimates by the end of each reporting period.

As at 31 December 2023, allowances for inventories amounted to HK$26,786,000 (2022: HK$23,114,000).

5. CRITICAL JUDGMENTS AND KEY ESTIMATES (CONT'D)

Key sources of estimation uncertainty (Cont'd)

(b) Fair values of properties

The Group appointed an independent professional qualified valuer to assess the fair values of the club property and investment properties. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions.

Further details, including the valuation techniques, judgement and key assumptions used for fair value measurement, have been disclosed in note 7 to the consolidated financial statements.

The aggregated carrying amount of the club property and investment properties as at 31 December 2023 were HK$422,800,000 (2022: HK$477,500,000)

(c) Fair value of financial assets at fair value through profit or loss - unlisted fund investments

In the absence of quoted market prices in an active market, the directors estimate the fair value of certain of the Group's unlisted fund investments, details of which are set out in note 22(c)(i) and (ii) to the consolidated financial statements, by considering information from a variety of sources, including the latest financial information from the fund manager or administrator.

The carrying amount of these unlisted fund investments as at 31 December 2023 was HK$49,822,000 (2022: HK$59,804,000).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its purchases transactions, investments and bank deposits are principally denominated in foreign currency including US dollar and Euro. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The following table summarises the change in the Group's consolidated loss after tax in response to reasonably possible changes in foreign exchange rates on currencies to which the Group has exposure at the end of the reporting period and that all other variables remain constant. Such exposure relates to trade and other receivables, bank deposits, investments, trade and bills payables.

	Change in percentage in exchange rate against Hong Kong dollar	Effect on loss after tax HK$'000	Effect on equity HK$'000
31 December 2023			
US dollar	**+/- 0.5%**	**-/+ 5,193**	**+/- 5,193**
Euro	**+/- 5%**	**-/+ 389**	**+/- 389**
31 December 2022			
US dollar	+/- 0.5%	-/+ 2,777	+/- 2,777
Euro	+/- 5%	-/+ 419	+/- 419

(b) Price risk

The Group's investments classified as financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity and debt security and fund price risk. Management manages this exposure by maintaining a portfolio of investments with different risk and return profiles.

The Group's equity investments classified as financial assets at fair value through profit or loss are primarily listed on The Stock Exchange of Hong Kong Limited, The Tokyo Stock Exchange, The New York Stock Exchange, The Nasdaq Stock Market or The London Stock Exchange. At 31 December 2023, if the share prices of the equity investments increase/decrease by 5%, consolidated loss (2022: loss) after tax for the year would have been HK$1,713,000 lower/higher (2022: HK$2,245,000 lower/higher), arising as a result of the fair value gain/loss of these investments.

The Group's debt and fund investments classified as financial assets at fair value through profit or loss are primarily listed on The Stock Exchange of Hong Kong Limited, The Berlin Stock Exchange, The Singapore Exchange Securities Trading Limited, The New York Stock Exchange, The Nasdaq Stock Market or traded over-the-counter. At 31 December 2023, if the prices of the debt and fund investments increase/decrease by 5%, consolidated loss (2022: loss) after tax for the year would have been HK$22,064,000 lower/higher (2022: HK$20,650,000 lower/higher), arising as a result of the fair value gain/loss of debt and fund investments classified as financial assets at fair value through profit or loss.

6. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The carrying amount of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's exposure to credit risk arising from cash and cash equivalents and financial instruments is limited because the counterparties are reputable and high-credit-quality banks and financial institutions, for which the Group considers to have low credit risk arising from non-performance by these counterparties.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management and the credit terms given to customers vary according to the business activities. The financial strength of and the length of business relationship with the customers, on an individual basis, are considered in arriving at the respective credit terms. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Expected loss rates are based on actual loss experience in the past years. The expected loss rate of trade receivables within one year (mainly include trade receivables arising from credit card sales and on-line sales which are normally settled in one-to-two business days in arrears and monthly in arrears respectively) are assessed to be immaterial because the counterparties are high-credit-quality banks/e-tailer and a number of independent customers for whom there is no recent history of default; and the expected credit loss rate applicable to the balances over one year is 100%. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2023	2022
	HK$'000	HK$'000
At 1 January	**—**	—
Impairment loss recognised, net	**8**	—
Amount written off as uncollectible	**(8)**	—
At 31 December	**—**	—

6. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (Cont'd)

Other financial assets measured at amortised cost

Other receivables mainly comprise rental and other deposits, interest, dividend or sales proceeds receivables from banks/financial institutions. The Group's other financial assets at amortised cost are considered to have low credit risk because the counterparties are high-credit-quality banks/financial institutions or well-established real estate developer/management companies in Hong Kong, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. The expected credit losses for other receivables are not material under the 12-month expected losses method. No loss allowance provision was recognised during the year.

Debt investments

The Group is exposed to credit risk in relation to debt investments that are measured at FVPL. The maximum exposure at the end of the reporting period is the carrying amount of these investments of HK$44,842,000 (2022: HK$41,277,000).

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	Less than 1 year HK$'000	After 1 year but within 2 years HK$'000	After 2 years but within 5 years HK$'000	Total HK$'000
At 31 December 2023				
Trade and other payables	**15,778**	**—**	**—**	**15,778**
Lease liabilities	**8,618**	**—**	**—**	**8,618**
Interest-bearing bank borrowings	**5,079**	**—**	**—**	**5,079**
At 31 December 2022				
Trade and other payables	16,380	—	—	16,380
Lease liabilities	11,353	8,090	—	19,443
Interest-bearing bank borrowings	5,882	—	—	5,882

6. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Interest rate risk

The Group's exposure to interest-rate risk arises from its short-term bank deposits and interest-bearing bank borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

The Group's debt investments bear interests at fixed interest rate and therefore are subject to fair value interest rate risk.

At 31 December 2023, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, consolidated loss (2022: loss) after tax for the year would have been HK$453,000 lower/higher (2022: HK$507,000 lower/higher), arising mainly as a result of the net of increase/decrease in the interest income from bank deposits and interest expense on short term bank borrowings.

(f) Categories of financial instruments at the end of the reporting period:

	2023 **HK$'000**	2022 HK$'000
Financial assets:		
Financial assets at fair value through profit or loss	**525,371**	517,699
Financial assets at amortised cost	**129,339**	143,882
	654,710	661,581
Financial liabilities:		
Financial liabilities at amortised cost	**20,857**	22,262

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

7. FAIR VALUE MEASUREMENTS (CONT'D)

(a) Disclosures of level in fair value hierarchy at the end of the reporting period:

Description	Fair value measurements as at 31 December 2023 using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	2023 Total HK$'000
Recurring fair value measurements:				
Financial assets at fair value through profit or loss:				
– Listed equity investments	34,267	–	–	34,267
– Listed debt investments	–	39,967	–	39,967
– Unlisted debt investments	–	4,875	–	4,875
– Listed fund investments	28,458	–	–	28,458
– Unlisted fund investments	–	367,982	49,822	417,804
	62,725	412,824	49,822	525,371
Investment properties:				
– Industrial property situated in Hong Kong	–	52,800	–	52,800
Property, plant and equipment:				
– Club property situated in Hong Kong	–	–	370,000	370,000
Total recurring fair value measurements	62,725	465,624	419,822	948,171

Description	Fair value measurements as at 31 December 2022 using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	2022 Total HK$'000
Recurring fair value measurements:				
Financial assets at fair value through profit or loss:				
– Listed equity investments	44,903	–	–	44,903
– Listed debt investments	–	41,277	–	41,277
– Listed fund investments	31,082	–	–	31,082
– Unlisted fund investments	–	340,633	59,804	400,437
	75,985	381,910	59,804	517,699
Investment properties:				
– Industrial property situated in Hong Kong	–	52,500	–	52,500
Property, plant and equipment:				
– Club property situated in Hong Kong	–	–	425,000	425,000
Total recurring fair value measurements	75,985	434,410	484,804	995,199

7. FAIR VALUE MEASUREMENTS (CONT'D)

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Property, plant and equipment The club property HK$'000	Financial assets at fair value through profit or loss Unlisted fund investments HK$'000	2023 Total HK$'000
At 1 January 2023	**425,000**	**59,804**	**484,804**
Additions	**—**	**870**	**870**
Amount received in respect of return of capital of unlisted fund investments	**—**	**—**	**—**
Total fair value gain or loss recognised in other comprehensive income	**(55,000)**	**—**	**(55,000)**
Total fair value gain or loss recognised in profit or loss*	**—**	**(10,852)**	**(10,852)**
At 31 December 2023	**370,000**	**49,822**	**419,822**
* Include gains or losses for assets held at end of reporting period	**—**	**(10,852)**	**(10,852)**

Description	Property, plant and equipment The club property HK$'000	Financial assets at fair value through profit or loss Unlisted fund investments HK$'000	2022 Total HK$'000
At 1 January 2022	340,000	79,117	419,117
Additions	—	1,077	1,077
Amount received in respect of return of capital of unlisted fund investments	—	(3,744)	(3,744)
Total fair value gain or loss recognised in other comprehensive income	85,000	—	85,000
Total fair value gain or loss recognised in profit or loss*	—	(16,646)	(16,646)
At 31 December 2022	425,000	59,804	484,804
* Include gains or losses for assets held at end of reporting period	—	(16,646)	(16,646)

The total fair value gains or losses recognised in profit or loss including those for assets held at end of reporting period arising from unlisted fund investments, are presented in "Other operating gains/(loss), net" in the consolidated statement of profit or loss.

7. FAIR VALUE MEASUREMENTS (CONT'D)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at the end of the reporting period:

The Group's senior management is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. In respect of level 3 fair value measurements, the Group normally engages external valuation experts with relevant recognised qualifications and experience to perform the valuations. The senior management review the fair value measurements twice a year, which is in line with the Group's reporting dates. The directors also exercise their judgment on the method of valuation of the club property and investment properties.

The valuation techniques used and the key inputs to the level 2 and level 3 fair value measurements as at 31 December 2023 and 31 December 2022 are set out below:

Description	Valuation technique and key inputs
Level 2:	
Listed and unlisted debt and fund investments	Quoted price provided by fund administrators/financial institutions
Industrial investment properties situated in Hong Kong	Direct comparison method: - Price per square feet
Level 3:	
The club property situated in Hong Kong	Open market and highest and best use basis with the use of residual approach: – Market price of nearby residential properties – Estimation of market construction cost – Anticipated developer's profit margin
Unlisted fund investments	Net asset value provided by the administrator of the fund

7. FAIR VALUE MEASUREMENTS (CONT'D)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at the end of the reporting period: (Cont'd)

The information about the significant unobservable inputs used in level 3 fair value measurement is set out below.

31 December 2023

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs
The club property situated in Hong Kong	Open market and highest and best use basis with the use of residual approach	Market price of nearby residential properties	HK$16,800/ square feet (2022: HK$17,600/ square feet)	Increase
		Estimation of market construction cost	HK$5,774/ square feet (2022: HK$5,798/ square feet)	Decrease
		Anticipated developer's profit margin	15% (2022: 15%)	Decrease
Unlisted fund investments	Net asset value	Net asset value	N/A	N/A

In February 2022, the Group obtained approval from the Chief Executive in Council in respect of the rezoning of the club property from "Other Specified Uses" annotated "Sports and Recreation Club" to"Residential (Group B) 8" (the "Rezoning Approval").

In accordance with HKFRS 13 "Fair Value Measurement", the Group has determined the highest and best use of the club property at the measurement date by comparing its value based on the current use as a recreational club, and the value based on the Rezoning Approval including the uncertainty and timing of the remaining steps required to redevelop the property. The Group then determined that the highest and best use of the club property at the measurement date would be development for residential based on the Rezoning Approval. This differs from its current use as there remain further steps and approval required before the Group is able to proceed with the development.

As at 31 December 2023 and 31 December 2022, the fair value of the club property are determined using open market and highest and best use basis with the use of residual approach (the "Approach"). The Approach of valuation is commonly used to value development sites by establishing the market value of the property on an "as-if" completed basis with appropriate deduction on construction costs, professional fees, marketing and legal cost, and interest payments to be incurred as well as anticipated developer's profits margin.

8. SEGMENT INFORMATION

The Group has three reportable segments as follows:

Segment	**Activity**
Retail of fashion wear and accessories	The trading of fashion wear and accessories
Resort and recreational club operations	The provision of resort and recreational facilities including lodging and catering services
Investments	The holding and trading of investments for short term and long term investment returns

The Group's reportable segments are strategic business units that offer different products and services. Business units that have similar economic characteristics are combined in a single reportable segment. They are managed separately because each business requires different operating and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements.

Segment profits or losses do not include the following:

– Unallocated corporate administrative expenses;

– Fair value gains on investment properties, net;

– Finance costs; and

– Income tax expense.

Segment liabilities do not include interest-bearing bank borrowings.

8. SEGMENT INFORMATION (CONT'D)

Information about reportable segment profit or loss, assets and liabilities:

	Retail of fashion wear and accessories HK$'000	Resort and recreational club operations HK$'000	Investments HK$'000	Total HK$'000
Year ended 31 December 2023:				
Revenue from external customers	86,867	12,805	21,164	120,836
Segment profit/(loss)	(10,310)	(11,373)	10,027	(11,656)
Segment profit/(loss) includes:				
Fair value gains on financial assets at fair value through profit or loss, net	–	–	11,546	11,546
Gains/(losses) on disposal of financial assets at fair value through profit or loss, net	111	–	(39)	72
Interest income from:				
– Financial assets at fair value through profit or loss	–	–	1,708	1,708
– Other financial assets	–	–	4,990	4,990
Write-back for provision for reinstatement cost	12	–	–	12
Write-back of accrued payables	439	–	–	439
Depreciation of property, plant and equipment and amortisation	202	55	355	612
Depreciation of right-of-use assets	9,155	–	2,636	11,791
Charge for inventories allowances	9,204	76	–	9,280
Impairment loss of property, plant and equipment	–	213	–	213
Impairment loss of intangible asset	300	–	–	300
Impairment loss of trade receivables	–	8	–	8
Other segment information:				
Additions to property, plant and equipment	707	75	–	782
Additions to right-of-use assets	2,034	–	262	2,296
As at 31 December 2023:				
Segment assets	37,983	371,105	695,247	1,104,335
Segment liabilities	(18,109)	(3,925)	(9,615)	(31,649)

8. SEGMENT INFORMATION (CONT'D)

Information about reportable segment profit or loss, assets and liabilities: (Cont'd)

	Retail of fashion wear and accessories HK$'000	Resort and recreational club operations HK$'000	Investments HK$'000	Total HK$'000
Year ended 31 December 2022:				
Revenue from external customers	71,304	8,176	14,907	94,387
Segment loss	(18,229)	(11,446)	(114,952)	(144,627)
Segment loss includes:				
Fair value losses on financial assets at fair value through profit or loss, net	–	–	(75,872)	(75,872)
Losses on disposal of financial assets at fair value through profit or loss, net	(451)	–	(29,585)	(30,036)
Interest income from:				
– Financial assets at fair value through profit or loss	–	–	1,264	1,264
– Other financial assets	–	–	1,701	1,701
Write-back for provision for reinstatement cost	9	–	–	9
Depreciation of property, plant and equipment and amortisation	655	99	413	1,167
Depreciation of right-of-use assets	11,987	–	2,636	14,623
Charge for inventories allowances	5,226	–	–	5,226
Impairment loss of property, plant and equipment	401	69	–	470
Other segment information:				
Additions to property, plant and equipment	109	234	104	447
Additions to right-of-use assets	12,983	–	–	12,983
As at 31 December 2022:				
Segment assets	49,951	427,434	708,526	1,185,911
Segment liabilities	(25,093)	(2,896)	(10,025)	(38,014)

8. SEGMENT INFORMATION (CONT'D)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2023 HK$'000	2022 HK$'000
Profit or loss		
Total profit or loss of reportable segments	**(11,656)**	(144,627)
Unallocated corporate administrative expenses	**(6,905)**	(5,173)
Fair value gains on investment properties, net	**300**	—
Finance costs	**(1,123)**	(1,352)
Consolidated loss for the year	**(19,384)**	(151,152)
Assets		
Total assets of reportable segments	**1,104,335**	1,185,911
Consolidated total assets	**1,104,335**	1,185,911
Liabilities		
Total liabilities of reportable segments	**(31,649)**	(38,014)
Interest-bearing bank borrowings	**(5,079)**	(5,882)
Consolidated total liabilities	**(36,728)**	(43,896)

Geographical information:

	Revenue		Non-current assets	
	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000
Hong Kong	**105,768**	82,395	**432,606**	497,149
Europe	**8,196**	6,714	**—**	—
The Americas	**6,455**	4,908	**—**	—
Other Asia Pacific Region	**417**	370	**—**	—
Consolidated total	**120,836**	94,387	**432,606**	497,149

In presenting the geographical information, revenue in relation to retail of fashion wear and accessories and resort and recreational club operations segment is based on the locations in which the revenue originated and revenue in relation to investments segment is based on the country of primary listing for listed instruments and the country of incorporation for unlisted instruments; non-current assets exclude financial assets and are based on the locations of the assets.

9. REVENUE

The principal activities of the Group are (i) retail of fashion wear and accessories, (ii) resort and recreational club operations, and (iii) investments. An analysis of revenue of the Group by operating activities and timing of revenue recognition is as follows:

	2023 HK$'000	2022 HK$'000
Revenue from contracts with customer		
(i) Retail of fashion wear and accessories		
Sale of fashion wear and accessories recognised at a point in time	**86,867**	71,304
(ii) Resort and recreational club operations		
Catering service income recognised at a point in time	**8,355**	4,959
Resort and club facilities and other services income recognised over time	**2,127**	934
Entrance fee and subscription fee income recognised over time	**2,323**	2,283
	12,805	8,176
Revenue from other sources		
(i) Investments		
Dividend income arising from financial assets at fair value through profit or loss:		
– Listed equity investments	**1,227**	1,326
– Listed fund investments	**458**	519
– Unlisted fund investments	**12,781**	10,097
Interest income from		
– Financial assets at fair value through profit or loss	**1,708**	1,264
– Other financial assets	**4,990**	1,701
	21,164	14,907
Total revenue of the Group	**120,836**	94,387

10. OTHER INCOME

	2023 HK$'000	2022 HK$'000
Rental income	**984**	982
Government grants	**51**	3,050
Others	**384**	336
	1,419	4,368

During the year ended 31 December 2023, the Group recognised grants of HK$51,000 (2022: HK$3,050,000) in respect of subsidies, of which are mainly from the Anti-epidemic Fund (include HK$Nil (2022: HK$2,900,000) subsidies under the Employment Support Scheme) provided by Hong Kong SAR Government.

11. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest expenses on lease liabilities *(note 19 and 34(a))*	781	1,164
Interest on bank loans	342	188
	1,123	1,352

12. INCOME TAX EXPENSE

No provision for Hong Kong profits tax and overseas income tax has been made for the year ended 31 December 2023 (2022: HK$Nil) as the Company and its subsidiaries either did not generate any assessable profits for the year or have available tax losses brought forward from prior years to offset against any assessable profits generated during the year.

The tax rate applicable for the assessable profit arising in Hong Kong is 16.5% (2022: 16.5%).

A reconciliation between the income tax expense and the product of loss before tax multiplied by the weighted average tax rate applicable to profit/(loss) of the consolidated companies is as follows:

	2023 HK$'000	2022 HK$'000
Loss before tax	(19,384)	(151,152)
Tax calculated at domestic tax rates applicable to profit/(loss) in the respective countries	(3,198)	(25,099)
Tax effect of income that is not taxable	(7,111)	(2,949)
Tax effect of expenses that are not deductible	1,671	18,797
Tax effect of utilisation of tax losses not previously recognised	—	(514)
Tax effect of tax losses not recognised	8,638	9,765
Income tax expense	—	—

The weighted average applicable tax rate is 16.5% (2022: 16.6%).

13. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2023 HK$'000	2022 HK$'000
Cost of inventories sold#	51,879	40,860
Charge for inventories allowances	9,280	5,226
Depreciation of property, plant and equipment	564	1,119
Depreciation of right-of-use assets	11,791	14,623
Impairment loss of property, plant and equipment	213	470
Amortisation of intangible assets	48	48
Impairment loss of intangible assets	300	—
Impairment loss of trade receivables	8	—
Auditor's remuneration		
– Audit services	1,135	1,090
– Non-audit services	502	291
	1,637	1,381
Direct operating expenses of investment properties that generate rental income	263	240
Losses/(gains) from financial assets at fair value through profit or loss, net*:		
Fair value losses/(gains), net	(11,546)	75,872
Losses/(gains) on disposal, net	(72)	30,036
	(11,618)	105,908
Fair value gains on investment properties, net	(300)	—
Losses/(gains) on disposal of property, plant and equipment*	5	(243)
Rental income	(984)	(982)
Foreign exchange losses/(gains), net*	(300)	1,513
Write back for provision for reinstatement cost*	(12)	(9)
Write back of accrued payables*	(439)	—

Cost of inventories sold included charge for inventories allowances of HK$9,280,000 (2022: HK$5,226,000).

* These amounts are included in "Other operating gains/(losses), net".

14. EMPLOYEE BENEFITS EXPENSE

	2023 HK$'000	2022 HK$'000
Employee benefits expense (including directors' emoluments):		
Salaries, bonuses and allowances	48,529	46,245
Pension scheme contributions	1,399	1,457
	49,928	47,702

(a) Pensions - defined contribution plans

For the Group's defined contribution retirement schemes operated under the Occupational Retirement Scheme Ordinance, the forfeited contributions under the defined contribution schemes may be used by the employer to reduce the existing level of contributions. Forfeited contributions totaling HK$Nil (2022: HK$Nil) were utilised during the year leaving HK$Nil available at the year ended 31 December 2023 (2022: HK$ Nil) to reduce future contributions.

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included one (2022: two) director whose emoluments is reflected in the analysis presented in note 15(a) to the consolidated financial statements. The emoluments of the remaining four (2022: three) individuals are set out below:

	2023 HK$'000	2022 HK$'000
Salaries, bonuses, allowances and benefits in kind	4,704	3,703
Performance related bonus	30	175
Pension scheme contributions	102	82
	4,836	3,960

The emoluments fell within the following bands:

	Number of individuals	
	2023	2022
HK$Nil to HK$1,000,000	–	–
HK$1,000,001 to HK$1,500,000	3	2
HK$1,500,001 to HK$2,000,000	1	1
	4	3

14. EMPLOYEE BENEFITS EXPENSE (CONT'D)

(c) Emoluments of senior management

The emoluments of the senior management, whose profiles, if applicable, are included in Biographies of Senior Management section of 2023 and 2022 annual report of the Company and included two (2022: two) of the five highest paid individuals analysis presented above, fell within the following bands:

	Number of individuals	
	2023	2022
HK$Nil to HK$1,000,000	**1**	—
HK$1,000,001 to HK$1,500,000	**1**	2
HK$1,500,001 to HK$2,000,000	**1**	1
	3	3

15. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director, including the Chief Executive Officer, is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							
	Fees HK$'000	Salaries HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Housing allowance HK$'000	Estimated money value of other benefits HK$'000 *(note viii)*	Retirement Benefit HK$'000	Total HK$'000
Executive director:								
Mrs. Penny Soh Peng CROSBIE-WALSH	63	2,802	–	18	–	74	–	2,957
Non-executive directors *(note i)*:								
Mr. Hung Han WONG	624	–	–	–	–	–	–	624
Mr. David Charles PARKER *(note ii)*	427	–	–	–	–	–	–	427
Independent non-executive directors *(note i)*:								
Mr. Kin Wing CHEUNG	573	–	–	–	–	–	–	573
Mr. Kiu Sang Baldwin LEE *(note v)*	574	–	–	–	–	–	–	574
Mr. Ted Tak Tai LEE *(note iii)*	505	–	–	–	–	–	–	505
Ms. Sarah Young O'DONNELL *(note iv)*	522	–	–	–	–	–	–	522
Total for 2023	3,288	2,802	–	18	–	74	–	6,182

15. BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)

(a) Directors' emoluments (Cont'd)

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							
	Fees HK$'000	Salaries HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Housing allowance HK$'000	Estimated money value of other benefits HK$'000 *(note viii)*	Retirement Benefit HK$'000	Total HK$'000
Executive director:								
Mrs. Penny Soh Peng CROSBIE-WALSH	62	2,732	–	18	–	60	–	2,872
Mr. David Charles PARKER *(note vi)*	15	861	–	5	180	15	–	1,076
Non-executive directors *(note i)*:								
Mr. Hung Han WONG	543	–	–	–	–	–	–	543
Mr. Hing Lun Dennis AU *(note vii)*	105	–	–	–	–	–	–	105
Mr. Daivd Charles PARKER *(note vi)*	214	–	–	–	–	–	–	214
Independent non-executive directors *(note i)*:								
Mr. Kin Wing CHEUNG	428	–	–	–	–	–	–	428
Mr. Kiu Sang Baldwin LEE	423	–	–	–	–	–	–	423
Mr. Ted Tak Tai LEE	372	–	–	–	–	–	–	372
Ms. Sarah Young O'DONNELL	377	–	–	–	–	–	–	377
Total for 2022	2,539	3,593	–	23	180	75	–	6,410

Notes:

(i) In addition to the annual fee, Non-executive Directors (including Independent Non-Executive Directors) are entitled to an attendance fee for attending each physical Board meeting or committee meeting or general meeting of the Company.

(ii) Resigned on 18 December 2023.

(iii) Resigned on 8 December 2023.

(iv) Resigned on 31 December 2023.

(v) Resigned on 2 January 2024.

(vi) Re-designated from executive director to non-executive director on 1 April 2022.

(vii) Resigned on 25 April 2022.

(viii) Estimated money values of other benefits include cash allowances.

No share options or any other forms of share-based payments were granted to the directors during the year (2022: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2022: HK$Nil).

15. BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of HK$19,747,000 (2022: loss of HK$150,663,000) and the weighted average number of ordinary shares of 1,650,658,676 (2022: 1,650,658,676) in issue during the year.

(b) Diluted loss per share

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2023 and 2022.

17. DIVIDENDS

The directors do not recommend the payment of dividend to shareholders for the years ended 31 December 2023 and 2022.

18. PROPERTY, PLANT AND EQUIPMENT

	Club property HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation:					
At 1 January 2022	340,000	21,380	29,367	1,519	392,266
Additions	—	85	362	—	447
Disposals	—	(256)	(1,093)	(434)	(1,783)
Surplus on revaluation	85,000	—	—	—	85,000
At 31 December 2022 and 1 January 2023	**425,000**	**21,209**	**28,636**	**1,085**	**475,930**
Additions	**—**	**—**	**782**	**—**	**782**
Disposals	**—**	**(265)**	**(1,116)**	**—**	**(1,381)**
Loss on revaluation	**(55,000)**	**—**	**—**	**—**	**(55,000)**
At 31 December 2023	**370,000**	**20,944**	**28,302**	**1,085**	**420,331**
Accumulated depreciation and impairment:					
At 1 January 2022	—	20,413	28,175	1,454	50,042
Depreciation provided during the year	—	435	619	65	1,119
Disposals	—	(256)	(1,071)	(434)	(1,761)
Impairment loss	—	83	387	—	470
At 31 December 2022 and 1 January 2023	**—**	**20,675**	**28,110**	**1,085**	**49,870**
Depreciation provided during the year	**—**	**288**	**276**	**—**	**564**
Disposals	**—**	**(265)**	**(1,111)**	**—**	**(1,376)**
Impairment loss	**—**	**—**	**213**	**—**	**213**
At 31 December 2023	**—**	**20,698**	**27,488**	**1,085**	**49,271**
Net carrying amount:					
At 31 December 2023	**370,000**	**246**	**814**	**—**	**371,060**
At 31 December 2022	425,000	534	526	—	426,060

18. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

At 31 December 2023 and 31 December 2022, the value of the Group's club property was revalued by an independent professional qualified valuer. The senior management review the fair value measurements twice a year, which is in line with the Group's reporting dates. The directors also exercise their judgement on the method of valuation of the club property.

The valuation technique was based on open market and highest and best use basis with the use of residual method. The property is situated on a piece of land ("the Land") designated for "Other Specified Uses" annotated "Sports and Recreation Club". The Land is currently occupied by the Group for its operation of a resort and recreational club named "Hill Top Country Club".

With reference to the announcement made by the Company on 19 January 2018, 1 September 2020 and 18 September 2020, the Company has obtained approval for a plan amendment application (the "Rezoning Application") under Section 12A of the Town Planning Ordinance (Chapter 131, Laws of Hong Kong) to the Town Planning Board to rezone the Land from "Other Specified Uses" annotated "Sports and Recreation Club" to "Residential (Group B) 6".

With reference to the announcement made by the Company on 26 February 2021, the Town Planning Board gazetted the Amendments to the approved Tsuen Wan Outline Zoning Plan No. S/TW/33, which included the Company's Rezoning Application.

With reference to the announcement made by the Company on 18 February 2022, the Chief Executive in Council on 8 February 2022 approved the Company's Rezoning Application to rezone the Land from "Other Specified Uses" annotated "Sports and Recreation Club" to "Residential (Group B) 8". There remain further steps required by the Company including the application for exchange of Land Grant and the assessment of the change of land use premium before the Land can be used for residential development.

If the club property were stated by the Group on historical cost basis, its carrying amounts would be as follows:

	2023 **HK$'000**	2022 HK$'000
Cost	**57,149**	57,149
Accumulated depreciation	**(33,089)**	(32,066)
	24,060	25,083

19. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
At 1 January 2022	19,881
Additions	12,983
Depreciation	(14,623)
At 31 December 2022 and 1 January 2023	**18,241**
Additions	**2,296**
Depreciation	**(11,791)**
At 31 December 2023	**8,746**

Lease liabilities of HK$8,396,000 (2022: HK$18,479,000) are recognised with related right-of-use assets of HK$7,604,000 (2022: HK$17,812,000) as at 31 December 2023. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2023 HK$'000	2022 HK$'000
Depreciation expenses on right-of-use assets	**11,791**	14,623
Interest expense on lease liabilities (included in finance cost)	**781**	1,164
Expenses relating to leases of low value assets (included in selling and distribution cost and administrative expenses)	**14**	25
Expenses relating to variable lease payments not included in the measurement of lease liability (included in selling and distribution cost)	**2,805**	934
COVID-19 Related rent concessions received	**—**	(117)

Details of total cash outflows for leases is set out in note 34(b).

The Group has adopted the Amendments to HKFRS 16: COVID-19 Related Rent Concessions, and applied the practical expedient introduced by the Amendments to all eligible rent concessions received by the Group during the year. Further details are disclosed below.

19. RIGHT-OF-USE ASSETS (CONT'D)

For both years, the Group leases office and various retail stores for its operations. Lease contracts are entered into for fixed term of one to three years, but may have extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

	Lease liabilities recognised as at 31 December (discounted)		Potential future lease payments under extension options not included in lease liabilities (undiscounted)	
	2023	2022	**2023**	2022
	HK\$'000	HK\$'000	**HK\$'000**	HK\$'000
Retails stores - Hong Kong	**5,910**	13,575	**—**	—

The Group leased a number of retail stores which contain variable lease payment terms that are based on sales generated from the retail stores and minimum annual lease payment terms that are fixed. These payment terms are common in retail stores in Hong Kong where the Group operates. During 2022, the Group received rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. The amount of fixed and variable lease payments recognised in profit or loss for the year is summarised below:

	2023			
	Fixed payments	**Variable payments**	**COVID-19 related rent concessions**	**Total payments**
	HK\$'000	**HK\$'000**	**HK\$'000**	**HK\$'000**
Retails stores - Hong Kong	**8,880**	**2,805**	**—**	**11,685**

	2022			
	Fixed payments	Variable payments	COVID-19 related rent concessions	Total payments
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Retails stores - Hong Kong	13,991	934	(117)	14,808

At 31 December 2023, it is estimated that an increase in sales generated from these retail stores by 5% would have increased the lease payments by HK\$400,000 (2022: HK\$85,000).

20. INVESTMENT PROPERTIES

	2023 HK$'000	2022 HK$'000
At 1 January	52,500	52,500
Fair value gains	300	—
At 31 December	52,800	52,500

At 31 December 2023, the Group's investment properties comprised industrial property units situated in Hong Kong of HK$52,800,000 (2022: HK$52,500,000). The Group's industrial property units are held to earn rental income and capital appreciation and are held under medium term leases.

The Group's investment properties were revalued at 31 December 2023 and 31 December 2022 by an independent professional qualified valuer based on direct comparison method.

Further particulars of the Group's investment properties are included on page 154.

21. INTANGIBLE ASSETS

	Trademarks HK$'000
Cost:	
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	1,700
Accumulated amortisation and impairment:	
At 1 January 2022	1,304
Amortisation for the year	48
At 31 December 2022 and 1 January 2023	1,352
Amortisation for the year	48
Impairment loss	300
At 31 December 2023	1,700
Net carrying amount:	
At 31 December 2023	–
At 31 December 2022	348

The Group's trademarks protect the design and specification of the Group's products. The average remaining amortisation period of the trademarks is approximately 6 years (2022: 7 years).

The Group carried out reviews of the recoverable amount of its trademarks in 2023, having regard to the market conditions of the Group's products. These assets are used in the Group's retail of fashion wear and accessories segment. The review led to the recognition of an impairment loss of HK$300,000 for trademarks that have been recognised in profit or loss.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK$'000	2022 HK$'000
Financial assets at fair value through profit or loss:		
Equity investments, at fair value *(note a)*:		
– Listed in Hong Kong	16,889	20,657
– Listed outside Hong Kong	17,378	24,246
	34,267	44,903
Fund investments, at fair value:		
– Listed outside Hong Kong *(note b)*	28,458	31,082
– Unlisted *(note b and note c)*	417,804	400,437
	446,262	431,519
Debt investments, at fair value *(note d)*:		
– Listed in Hong Kong*	5,492	6,405
– Listed outside Hong Kong*	34,475	34,872
– Unlisted	4,875	—
	44,842	41,277
	525,371	517,699

* Listed as selectively marketed securities on The Stock Exchange of Hong Kong Limited, The Singapore Exchange Securities Trading Limited and other overseas stock exchanges

The carrying amounts of the above financial assets are mandatorily measured at fair value through profit or loss in accordance with HKFRS 9.

	2023 HK$'000	2022 HK$'000
Current assets - Financial assets at fair value through profit or loss		
– Listed equity investments *(note a)*	34,267	44,903
– Listed fund investments *(note b)*	28,458	31,082
– Unlisted fund investments *(note b)*	367,982	340,633
– Listed debt investments *(note d)*	39,967	41,277
– Unlisted debt investments *(note d)*	4,875	—
	475,549	457,895
Non-current assets - Financial assets at fair value through profit or loss		
– Unlisted fund investments *(note c)*	49,822	59,804
	525,371	517,699

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Notes:

(a) The fair values of the listed equity investments are based on quoted market prices and the Group managed and evaluated the performance of these listed equity investments on a fair value basis, in accordance with the Group's risk management and investment strategy. These listed investments offer the Group the opportunity for return through dividend income and fair value gains.

(b) The fund investments as at 31 December 2023 amounted HK$396,440,000 (2022: HK$371,715,000) which were listed in overseas exchanges or traded over-the-counter and the Group managed and evaluated the performance of these fund investments on a fair value basis, in accordance with the Group's risk management and investment strategy. The fair values of the fund investments are based on quoted market price or the price quoted by the fund administrator/financial institution. The directors believe that the estimated fair value quoted by the fund administrator/financial institution is reasonable, and that it is the most appropriate value at the end of the reporting period.

(c) Unlisted fund investments, at fair value

(i) ASEAN China Investment Fund III L.P.

As at 31 December 2023, carrying amount of unlisted fund investments included an investment in a fund, ASEAN China Investment Fund III L.P. ("ACIF III"), amounted to HK$22,548,000 (2022: HK$32,755,000) which is not quoted in an active market. The fair value of the investment in ACIF III is stated with reference to the net asset value provided by the administrator of the fund at the reporting date. The directors believe that the estimated fair value provided by the administrator of the fund is reasonable, and that is the most appropriate value at the end of the reporting period.

The Group has committed to contribute a total of US$4,000,000 (equivalent to approximately HK$31,120,000) to ACIF III and the unfunded commitment as at 31 December 2023 amounted to US$89,000 (equivalent to approximately HK$694,000) (2022: US$118,000 (equivalent to approximately HK$921,000)). Contributions will be made when capital call is issued by the general partner of the fund.

The carrying amount of the investment in ACIF III is denominated in US dollar.

(ii) ASEAN China Investment Fund IV L.P.

As at 31 December 2023, the carrying amount of unlisted fund investments included an investment in a fund, ASEAN China Investment Fund IV L.P. ("ACIF IV"), amounted to HK$27,274,000 (2022: HK$27,049,000) which is not quoted in an active market. The fair value of the investment in ACIF IV is stated with reference to the net asset value provided by the administrator of the fund at the reporting date. The directors believe that the estimated fair value provided by the administrator of the fund is reasonable, and that is the most appropriate value at the end of the reporting period.

The Group has committed to contribute a total of US$4,000,000 (equivalent to approximately HK$31,120,000) to ACIF IV and the unfunded commitments as at 31 December 2023 amounted to US$222,000 (equivalent to approximately HK$1,731,000) (2022: US$305,000 (equivalent to HK$2,374,000)). Contributions will be made when capital call is issued by the general partner of the fund.

The carrying amount of the investment in ACIF IV is denominated in US dollar.

(d) The fair values of the debt investments as at 31 December 2023 amounted to HK$44,842,000 (2022: HK$41,277,000) are based on quoted market price or the price quoted by issuer/financial institution. These debt investments were mainly issued/guaranteed by companies listed on The Stock Exchange of Hong Kong Limited/overseas stock exchanges. The directors believe that the estimated fair value quoted by the issuer/financial institution is reasonable, and that it is most appropriate value at the end of the reporting period.

As at 31 December 2023, these debt investments have maturity date ranging from 14 March 2024 to 12 January 2032 (2022: 11 October 2023 to 12 January 2032).

As at 31 December 2023, these debt instruments bear fixed coupon interest rate ranging from 1.3% to 6.3% (2022: 1% to 6.25%). The carrying amounts of the Group's debt investments measured at FVPL are denominated in US dollars.

23. INVENTORIES

As at 31 December 2023 and 2022, all of the Group's inventories represented finished goods.

24. TRADE AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables	**1,287**	989
Less: Impairment of trade receivables	**–**	–
	1,287	989
Rental and other deposits	**5,157**	6,357
Prepayments and other receivables	**8,413**	5,677
	14,857	13,023

The Group maintains a defined credit policy for its trade customers and the credit terms given vary according to the business activities. The financial strength of and the length of business relationship with the customers, on an individual basis, are considered in arriving at the respective credit terms. Overdue balances are reviewed regularly by management.

An ageing analysis of the trade receivables, based on the invoice date and net of impairment, is as follows:

	2023 HK$'000	2022 HK$'000
Within 1 month	**1,220**	960
2 to 3 months	**67**	28
Over 3 months	**–**	1
	1,287	989

The carrying amounts of the Group's trade receivables are denominated in Hong Kong dollars.

25. PLEDGED BANK DEPOSITS/TIME DEPOSITS/CASH AND BANK BALANCES

The Group's pledged bank deposits were deposits pledged to banks to secure banking facilities granted to the Group as set out in note 28 to the consolidated financial statements.

Pledged bank deposits, time deposits and cash and bank balances are denominated in the following currencies:

	2023 **HK$'000**	2022 HK$'000
Hong Kong dollars	**24,440**	23,697
US dollars	**94,340**	111,192
Others	**796**	640
	119,576	135,529

26. TRADE AND OTHER PAYABLES

	2023 **HK$'000**	2022 HK$'000
Trade and bills payables *(note a)*	**3,301**	3,955
Accruals for operations	**4,232**	5,117
Accruals for staff costs	**7,097**	4,178
Contract liabilities *(note b)*	**1,624**	1,349
Deposits received	**212**	204
Other payables	**2,652**	2,518
Provisions	**4,135**	2,214
	23,253	19,535

26. TRADE AND OTHER PAYABLES (CONT'D)

(a) An ageing analysis of the Group's trade and bills payables, based on the invoice date, is as follows:

	2023 HK$'000	2022 HK$'000
Within 1 month	2,933	2,925
2 to 3 months	333	929
Over 3 months	35	101
	3,301	3,955

The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

	2023 HK$'000	2022 HK$'000
Hong Kong dollars	1,760	1,382
Euro	1,405	2,287
Others	136	286
Total	3,301	3,955

(b) Contract liabilities represent the consideration received in advance from customers and customer loyalty programme. The amount of consideration received in advance from customers and customer loyalty programme is expected to be recognised as income within one year. The following table shows the revenue recognised related to carried forward contract liabilities:

	2023 HK$'000	2022 HK$'000
Retail of fashion wear and accessories	656	600
Resort and recreational club operations	560	374
Total contract liabilities	1,216	974

27. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**8,618**	11,353	**8,396**	10,583
In the second to fifth years, inclusive	**—**	8,090	**—**	7,896
	8,618	19,443	**8,396**	18,479
Less: Future finance charges	**(222)**	(964)	**N/A**	N/A
Present value of lease obligations	**8,396**	18,479	**8,396**	18,479
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(8,396)**	(10,583)
Amount due for settlement after 12 months			**—**	7,896

All lease liabilities are denominated in Hong Kong dollars.

28. INTEREST-BEARING BANK BORROWINGS

	2023	2022
	HK$'000	HK$'000
Bank loans	**5,079**	5,882

The interest-bearing bank borrowings of the Group are repayable within one year.

The carrying amounts of the Group's interest-bearing bank borrowings are denominated in Hong Kong dollars.

The effective interest rates at 31 December were as follows:

	2023	2022
Bank loans	**6.78% - 7.38%**	3.78% - 7.22%

Bank loans of HK$2,043,000 (2022: HK$3,569,000) are secured by a charge over the Group's pledged time deposits of HK$10,000,000 (2022: HK$10,000,000). The remaining balance is unsecured.

29. DEFERRED TAX

The following are deferred tax liabilities and assets recognised by the Group:

	Depreciation allowance in excess of related depreciation HK$'000	Fair value gains from financial assets at fair value through profit or loss HK$'000	Losses available for offsetting against future taxable profits HK$'000	Total HK$'000
At 1 January 2022	5,705	6,282	(11,987)	—
Deferred tax charged/(credited) to the profit or loss for the year	242	(6,282)	6,040	—
At 31 December 2022 and at 1 January 2023	5,947	—	(5,947)	—
Deferred tax charged/(credited) to the profit or loss for the year	(35)	—	35	—
At 31 December 2023	5,912	—	(5,912)	—

At the end of the reporting period, the Group has unused tax losses of HK$963,424,000 (2022: HK$953,070,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$35,833,000 (2022: HK$36,041,000) of such losses. No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$927,591,000 (2022: HK$917,029,000) due to the unpredictability of future profit streams. Unrecognised tax losses may be carried forward indefinitely.

30. SHARE CAPITAL

	2023 HK$'000	2022 HK$'000
Issued and fully paid:		
1,650,658,676 (2022: 1,650,658,676) ordinary shares	1,206,706	1,206,706

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

30. SHARE CAPITAL (CONT'D)

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements except for (i) the requirement to maintain a public float of at least 25% of the shares under the Listing Rules; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

The Group demonstrates continuing compliance of the public float of at least 25% of the shares throughout the year.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing for the years ended 31 December 2023 and 2022.

The Group monitors capital using a gearing ratio, which is the total borrowings and lease liabilities divided by the total equity attributable to equity holders of the Company. The Group's policy is to maintain an appropriate level of debt and a gearing ratio. The total borrowings include interest-bearing bank borrowings. The gearing ratio as at the end of the reporting period was as follows:

	2023 HK$'000	2022 HK$'000
Interest-bearing bank borrowings	5,079	5,882
Lease liabilities	8,396	18,479
Total borrowings and lease liabilities	13,475	24,361
Equity attributable to owners of the Company	1,068,364	1,143,130
Gearing ratio	1.3%	2.1%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 31 December 2022.

31. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	At 31 December 2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**293**	654
Investment properties		**422,800**	477,500
Right-of-use assets		**2,678**	5,052
Interests in subsidiaries		**477,497**	522,001
Total non-current assets		**903,268**	1,005,207
Current assets			
Prepayments, deposits and other receivables		**4,777**	3,788
Due from a subsidiary		**165**	195
Financial assets at fair value through profit or loss		**110,046**	104,837
Pledged bank deposits		**10,000**	10,000
Time deposits		**41,417**	20,496
Cash and bank balances		**4,764**	6,626
Total current assets		**171,169**	145,942
Current liabilities			
Accruals and other payables		**6,475**	4,387
Lease liabilities		**2,486**	2,418
Total current liabilities		**8,961**	6,805
Net current assets		**162,208**	139,137
Non-current liabilities			
Lease liabilities		**–**	2,486
NET ASSETS		**1,065,476**	1,141,858
Capital and reserves			
Issued capital		**1,206,706**	1,206,706
Accumulated losses		**(950,052)**	(873,670)
Other reserves	31(b)	**808,822**	808,822
TOTAL EQUITY		**1,065,476**	1,141,858

Approved by the Board of Directors on 26 March 2024 and are signed on its behalf by:

Hung Han WONG
Non-executive Director and Non-executive Chairman

Penny Soh Peng CROSBIE-WALSH
Executive Director and Chief Executive Officer

31. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONT'D)

(b) Reserve movement of the Company

	Special reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2022	808,822	(809,522)	(700)
Loss for the year	–	(64,148)	(64,148)
At 31 December 2022 and 1 January 2023	**808,822**	**(873,670)**	**(64,848)**
Loss for the year	**–**	**(76,382)**	**(76,382)**
At 31 December 2023	**808,822**	**(950,052)**	**(141,230)**

32. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity on pages 84 and 87 of the consolidated financial statements respectively.

(b) Nature and purpose of reserves

(i) Special reserve

The special reserve arose as a result of the Company's reorganisation in 2002 in the application of the predecessor Hong Kong Companies Ordinance (Cap.32). A capital reorganisation scheme was approved by the shareholders at an extraordinary general meeting on 11 July 2002 and was subsequently confirmed by the sanction of an order of the High Court of Hong Kong dated 6 August 2002. Details of the capital reorganisation scheme are as follows:

(1) the authorised share capital of the Company was reduced from HK$1,000,000,000 (divided into 2,000,000,000 ordinary shares of HK$0.50 each) to HK$20,000,000 (divided into 2,000,000,000 ordinary shares of HK$0.01 each). Such reduction was effected by cancelling the paid-up capital per share by HK$0.49 on each of the 1,650,658,676 ordinary shares in issue on 6 August 2002, being the date on which the court petition was heard, and by reducing the nominal value of all the issued and unissued ordinary shares of the Company from HK$0.50 to HK$0.01 per ordinary share; and

32. RESERVES (CONT'D)

(b) Nature and purpose of reserves (Cont'd)

(i) Special reserve (Cont'd)

(2) upon such reduction of capital taking effect:

(i) the authorised share capital of the Company was increased to its former amount of HK$1,000,000,000 by the creation of additional 98,000,000,000 ordinary shares of HK$0.01 each; and

(ii) a special reserve was created and credited with an amount equal to the credit arising from the said reduction of capital as detailed in (1) above, which amounted to HK$808,822,751. Such reserve shall not be treated as realised profit and shall, for as long as the Company shall remain a listed company, be treated as an undistributable reserve. However, the special reserve may be reduced by the aggregate of any increase in the issued capital or in the share premium account of the Company resulting from an issue of shares for cash or other new consideration or upon a capitalisation of distributable reserves.

(ii) Exchange fluctuation reserve

The reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iii) Property revaluation reserve

The property revaluation reserve has been set up and are dealt with in accordance with the accounting policies adopted for the club property in note 4(e) to the consolidated financial statements.

33. SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2023 are as follows:

Name	Place of incorporation/ registration and operation	Issued ordinary share	Percentage of ownership attributable to the Company		Principal activities
			Direct	Indirect	
ENM Investments Limited	Cayman Islands/ Hong Kong	US$1	100	—	Investment holding
ENM Wealth Management Limited	British Virgin Islands/ Hong Kong	US$1	100	—	Investment holding and securities trading
Hill Top Country Club Limited	Hong Kong	HK$10,000,000	—	100	Recreational club operations
Kenmure Limited	Hong Kong	HK$67,873,650	—	100	Investment holding
The Swank Shop Limited	Hong Kong	HK$104,500,000	—	100	Retail of fashion wear and accessories

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest bearing bank borrowings HK$'000 *(note 28)*	Lease liabilities HK$'000 *(note 27)*	Total HK$'000
As at 1 January 2023	**5,882**	**18,479**	**24,361**
Changes from financing cash flows:			
New bank loans raised	**23,792**	**—**	**23,792**
Repayment of bank loans	**(24,595)**	**—**	**(24,595)**
Interest paid	**(342)**	**—**	**(342)**
Capital elements of lease rentals paid	**—**	**(10,621)**	**(10,621)**
Interest elements of lease rentals paid	**—**	**(781)**	**(781)**
	(1,145)	**(11,402)**	**(12,547)**
Other changes:			
Finance costs	**342**	**781**	**1,123**
Addition to lease liabilities	**—**	**538**	**538**
	342	**1,319**	**1,661**
As at 31 December 2023	**5,079**	**8,396**	**13,475**
As at 1 January 2022	7,001	20,899	27,900
Changes from financing cash flows:			
New bank loans raised	24,390	—	24,390
Repayment of bank loans	(25,509)	—	(25,509)
Interest paid	(188)	—	(188)
Capital elements of lease rentals paid	—	(15,256)	(15,256)
Interest elements of lease rentals paid	—	(1,164)	(1,164)
	(1,307)	(16,420)	(17,727)
Other changes:			
Finance costs	188	1,164	1,352
Addition to lease liabilities	—	12,953	12,953
COVID-19 Related rent concessions received	—	(117)	(117)
	188	14,000	14,188
As at 31 December 2022	5,882	18,479	24,361

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(b) Total cash outflows for lease

Amounts included in the cash flow statements for leases comprise the following:

	2023 HK$'000	2022 HK$'000
Within operating cash flows	**2,819**	959
Within financing cash flows	**11,402**	16,420
	14,221	17,379

These amounts relate to the following:

	2023 HK$'000	2022 HK$'000
Lease rentals paid	**14,221**	17,379

35. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases out investment properties under operating lease arrangements. The leases for investment properties are typically negotiated for terms ranging from one to two years.

At 31 December 2023, the undiscounted lease payments receivable by the Group in future period under non-cancellable operating lease are as follow:

	2023 HK$'000	2022 HK$'000
Within one year	**246**	246
In the second to fifth years, inclusive	**—**	—
	246	246

36. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	2023	2022
	HK$'000	HK$'000
Contracted, but not provided for:		
– Capital contribution to unlisted funds *(note 22(c)(i) and (ii))*	**2,425**	3,295
– Property, plant and equipment	**–**	262

37. RELATED/CONNECTED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

	Note	**2023**	2022
		HK$'000	HK$'000
Lease expenses for lease liabilities, building management fees and air-conditioning charges paid to related companies	(i)		
– Office		**3,392**	3,461

Note:

(i) The lease expenses for lease liabilities, building management fees and air-conditioning charges paid to related companies controlled by substantial shareholders of the Company were charged in accordance with the terms of the relevant agreements.

(b) Lease arrangement:

On 30 November 2021, the Group entered into a new tenancy agreement ("the New Tenancy Agreement") with the related companies controlled by substantial shareholders of the Company to renew the lease of office premises for three years from 1 December 2021 to 30 November 2024 at a monthly effective rental of HK$210,096 exclusive of government rates, building management fee and air-conditioning charges. The Group recognised a right-of-use asset of HK$7,908,000, which is the present value of the rental payment and estimated reinstatement cost and a lease liability of HK$7,238,000 due to related parties in accordance to HKFRS 16.

As at 31 December 2023, the lease liabilities due to related companies of HK$2,486,000 (2022: HK$4,904,000) under the New Tenancy Agreement arising from the leasing arrangements with the related companies are included in "Lease liabilities" (note 27).

37. RELATED/CONNECTED PARTY TRANSACTIONS (CONT'D)

(c) Compensation of key management personnel of the Group:

	2023 HK$'000	2022 HK$'000
Short term employee benefits	9,761	10,259
Pension scheme contributions	66	77
Total compensation paid to key management personnel	9,827	10,336

Further details of employees' and directors' emoluments are included in note 14 and note 15 respectively to the consolidated financial statements.

(d) Applicability of the Listing Rules relating to connected transactions

As disclosed in note 37(b) to the consolidated financial statements, the related party transactions in respect of the recognition of a right-of-use asset and lease liabilities for the fixed lease payments under the New Tenancy agreement is regarded as an acquisition of capital asset and constitutes a one-off connected transaction of the Company as defined in Chapter 14A of the Listing Rules, further details of which are included in the Report of Director on page 8 of 2021 Annual Report.

As disclosed in note 37(a) to the consolidated financial statements, the related party transactions in respect of building management fee and air-conditioning charges for office paid to related companies for the years ended 31 December 2023 and 2022 under the New Tenancy Agreement constitute continuing connected transactions of the Company as defined in Chapter 14A of the Listing Rules but are considered as a de minimis transactions and are fully exempt from the disclosure requirements, further details of which are included in the Report of Director on page 8 of 2021 Annual Report.

38. SUBSEQUENT EVENTS

As mentioned elsewhere in this report, and with reference to the announcement published by the Company on 26 March 2024, the Board has resolved to cease the operation of Hill Top Country Club (the "Club") effective from 16 June 2024. The above event is a non-adjusting event after the financial year and does not result in any adjustments to the consolidated financial statements for the year ended 31 December 2023.

The closure of the Club will not have a material impact on the Group's financial statements as assets and liabilities that are related to the Club's operation are immaterial except for the Club property which has been revalued based on its highest and best use under HKFRS for residential development. The cessation of the Club's operation is expected to reduce losses from the resort and recreational club business segment in the Group's 2024 financial statements compared to the year ended 31 December 2023.

PARTICULARS OF INVESTMENT PROPERTIES

31 December 2023

INVESTMENT PROPERTIES OF THE GROUP HELD FOR INVESTMENT

Location	Use	Tenure	Attributable interest of the Group
Fourth and Fifth Floors, Roof and Parking Spaces Nos. 3 and 5 Wai Hing Factory Building 37-41 Lam Tin Street Kwai Chung, New Territories Hong Kong	Industrial	Medium term lease	100%

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**120,836**	94,387	109,501	104,977	131,841
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	**(18,261)**	(149,800)	(19,291)	15,379	48,402
Finance costs	**(1,123)**	(1,352)	(2,045)	(3,596)	(2,245)
PROFIT/(LOSS) BEFORE TAX	**(19,384)**	(151,152)	(21,336)	11,783	46,157
Tax	**—**	—	—	—	—
PROFIT/(LOSS) FOR THE YEAR	**(19,384)**	(151,152)	(21,336)	11,783	46,157
Attributable to:					
Equity holders of the Company	**(19,747)**	(150,663)	(21,280)	11,881	46,197
Non-controlling interests	**363**	(489)	(56)	(98)	(40)
	(19,384)	(151,152)	(21,336)	11,783	46,157

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**1,104,335**	1,185,911	1,256,179	1,228,512	1,048,239
TOTAL LIABILITIES	**(36,728)**	(43,896)	(47,860)	(57,940)	(78,395)
NON-CONTROLLING INTERESTS	**757**	1,115	591	554	651
	1,068,364	1,143,130	1,208,910	1,171,126	970,495

CORPORATE INFORMATION

EXECUTIVE DIRECTOR

Penny Soh Peng CROSBIE-WALSH *(Chief Executive Officer)*

NON-EXECUTIVE DIRECTOR

Hung Han WONG *(Non-executive Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Kin Wing CHEUNG
Imma Kit Sum LING
Hin Fun Anthony TSANG

COMPANY SECRETARY

Pui Man CHENG

AUDITOR

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